



**THE UNIVERSITY  
OF BIRMINGHAM**

**CUSTOMER-ORIENTED REFORMS IN  
URBAN PUBLIC WATER SUPPLY IN UGANDA  
(1998-2008)**

**by**

**TOM ALFRED WANYAKALA**

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International Development Department  
School of Government and Society  
College of Social Sciences  
**University of Birmingham**

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## **Abstract**

Customer orientated reforms have been widely adopted for improving service delivery. However, the introduction of these reforms in the public sector is still little understood; and the literature is pessimistic regarding their application in the public sector in developing countries. To further understand the relevance of customer orientated reforms in developing countries, this study assessed their performance when implemented by the National Water and Sewerage Corporation (NWSC), which is in charge of urban water supply in Uganda. Using multiple data sources, including household user surveys and interviews, the study posed the questions: Has the NWSC become more customer-oriented as a result of reforms? If so, what are the consequences for user satisfaction and loyalty?

The study finds first that customer oriented reforms in the NWSC were introduced by a committed leadership which reduced resistance to change and coordinated key stakeholder involvement. Second, it finds that the reforms contributed to improved water accessibility, affordability and customer care. Third, it finds that increased provider responsiveness to complaints correlates with increased customer satisfaction and loyalty. Since the study focused on users with home water connections, further research is needed to assess how similar the results would be for poorer non-connected users and commercial and institutional users.

## **Dedication**

First, I dedicate this thesis to the Almighty God and His beloved Son Jesus Christ through whose mercy I overcame tribulations to finalise my studies. Secondly, I dedicate the study to all those who assisted me during the tough times, especially my wife Christine and son Henry.

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Out of my experiences with different stakeholders who influenced this research, I proffer a biblical message, that if we all related well as service users and providers, then poverty reduction would be a reality sooner rather than later. I therefore pray that Almighty God continually gives me wisdom, strength and perseverance as He has always done, so that the outcomes of this study can contribute to better public services for all and not just for some.

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## List of Abbreviations

<b>CCS</b>	Customer Care Section
<b>CO</b>	Customer Orientation
<b>CRM</b>	Customer Relations Management
<b>CSC</b>	Customer Service Charter
<b>DWD</b>	Directorate of Water Development
<b>IWM</b>	International Water Management
<b>KWUA</b>	Kanjansi Water User's Association
<b>MD</b>	Managing Director
<b>MDGs</b>	Millennium Development Goals
<b>MFED</b>	Ministry of Finance and Economic Development
<b>MWE</b>	Ministry of Water and Environment
<b>NPM</b>	New Public Management
<b>NRM</b>	National Resistance Movement
<b>NWSC</b>	National Water and Sewerage Corporation
<b>OECD</b>	Organisation of European Corporation and Development
<b>PEAP</b>	Poverty Eradication Plan
<b>PERDS</b>	Public Enterprise Reform and Divestiture Statute, 1993
<b>PMU</b>	Privatisation Monitoring Unit
<b>PPPs</b>	Public Private Partnerships
<b>PRC</b>	Performance Review Committee
<b>SAPs</b>	Structural Adjustment Programmes
<b>SOEs</b>	State Owned Enterprises
<b>SWOT</b>	Strength Weaknesses Opportunities and Threat
<b>TQM</b>	Total Quality Management
<b>TWC</b>	Technical Working Committee
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations Children's Fund
<b>URA</b>	Uganda Revenue Authority
<b>WEDC</b>	Water Engineering Development
<b>WHO</b>	World Food Organisation

# **CHAPTER ONE**

## **INTRODUCTION TO THE RESEARCH PROBLEM**

### **1.1 Introduction**

The argument that performance in service delivery should be measured by how well users are satisfied, and not only by the hard-to-measure collective public values, has been embraced by public water utility managers. Those utilities that do not have efficient and responsive customer services are argued to be poor performers that do not deserve support as they are unlikely to cope with changing service delivery demands. For instance, several pro-reform commentators have argued that by putting service users in the “driving seat”, the latter are likely to obtain responsive operational and delivery decisions from service providers (Osborne & Gaebler, 1993; Kotler & Armstrong, 2010; Blanchard et al, 2005; Drucker et al, 2008). It is in this context that customer-responsive reforms inspired by New Public Management (NPM) have gained support as strategies for improving performance in sectors such as urban public water supply.

Some recent case studies have indicated that internal reforms have the potential to improve public services, while there is no strong evidence that the private sector is better than the public sector in terms of delivering user-responsive services (Seppala et al, 2004; Bakker, 2008; Schwartz, 2006). However, attributing service improvements to reforms alone has been problematic, partly due to lack of uniform performance indicators that can facilitate the benchmarking of best practices. The resulting practical question, therefore, is how customer service reforms, and under what conditions, can actually improve the performance of public water utilities that have not been subject to privatisation. Among the suggested reforms for enhancing performance include putting in place a pro-active regulatory framework that

promotes customer service (OFWAT, 2010; Gerlach & Franceys, 2008; Kayaga & Franceys, 2008).

This chapter introduces the debates related to the research problem. The chapter is structured as follows. First, it provides a brief background of existing knowledge and debates related to urban water reforms. Second, it describes the context of ongoing reforms in the National Water and Sewerage Corporation (NWSC) of Uganda as urban public water utility that is used as a case study. Third, it provides a statement of the problem, the questions and the aims for this study. Fourth, it explains why the study is significant. Finally, it outlines the overall structure of the thesis to show the cumulative development of the research argument.

## **1.2 Debates related to urban water supply reforms**

There is an emerging consensus that poorly performing public utilities need some fundamental changes if they have to meet increased water demand (Berg, 2005; Ohemeng, 2010; World Bank, 2003; Shirley, 2002; World Water Assessment, 2006; World Water Conference, 2011). However, there is no explicit agreement about what reforms are most suitable and how they can be initiated and implemented to achieve the desired objectives in different contexts. The ongoing debates on urban water reforms are generally critical of whether NPM-inspired reforms that include introducing customer responsive water services can actually be effective in improving urban water supply for all rather than just for some. Further, there are several concerns related to ideological and normative debates that try to ascertain whether access to urban water supply should be regarded as an economic, political or human right. The consensus in these debates could help determine the most viable urban water delivery alternatives (Nickson & Franceys, 2003; McDonald & Ruiters, 2005; Boag & McDonald, 2010). The populist and now dominant perception that equates water supply with

human life elevates its good management as a global development priority that deserves greater attention (Holland, 2005). This is against a neglect it suffers in comparison with other more profitable services such as telecommunications and energy that have attracted more policy attention and capital investment.

The above perception has wide-ranging policy implications for poor water supply that affect the quality of people's lives and therefore their productive capacity, which in turn constrains the achievement of Millennium Development Goals (MDGs) (Calagnas & Cann, 2006). Further, the centrality of water to all dimensions of human activities, including it being 70 per cent of our bodies and particularly facilitating the production of the food we eat, may look obvious but should not be taken for granted. Therefore, ensuring an appropriate water supply, especially in rapidly growing urban areas in low-income countries, inevitably becomes a policy and research priority. For instance, Clifton and Diaz-Fuentes (2009) argue that as compared to energy, transportation and communication, "water is the most fundamental of these services and though the majority of water consumed by people and organisations is not for drinking purposes, the availability of drinking water of a certain quality for all has been recognised in the UN millennium goals" (p.2). They argue that the strategic nature of water deserves citizens' views and feedback about how to manage it cost effectively and at the same time take into account its social ramifications. However, there are technical, legal, bureaucratic, resource and contextual barriers against more intensive citizen or user involvement that need to be resolved, based on local context, capacity and sector considerations (Rakodi, 2002; McCourt & Minogue, 2001; McCourt, 2008; Minogue, Polidano & Hulme, 2000).

Partly as a follow-up to the above considerations, the logical and pragmatic response has been either to privatise or to reform poorly performing utilities. Donor pressure on governments to privatise public urban water utilities in order to attract much needed investment and managerial efficiency has been evidenced by legal complications and lack of adequate local political support for alternative solutions to the private sector involvement (Whitfield, 2006; Araral, 2009). The foregoing realisation has led to a growing consensus that where privatisation cannot replace public provision, then incremental reforms are a credible option if implemented appropriately. This approach largely involves prioritising management commitment to change, improved access to financing, ensuring effective leadership and a particular focus on customer involvement and satisfaction (Perard, 2007; World Bank, 2008).

The recent literature reinforces the above reform approaches by suggesting that locally driven reforms in urban public utilities can achieve the same objectives as those of privatisation if customer-oriented reforms are well designed, implemented and outcomes reviewed. The outcomes need to be based on realistic measures that can be professionally reviewed regularly to enable continuous service improvement (Mugisha, 2006; Mugisha & Berg, 2008; Kayaga et al, 2009; Schwartz, 2008; Boag & McDonald, 2010; Muhairwe, 2009; Hall & Lobina, 2006). It appears highly likely that without privatisation, the public water supply utilities that are still undergoing internal reforms will continue to have a mandate to serve over 90 per cent of the urban population in most sub-Saharan African major urban areas (Schwartz, 2006). However, water supply case studies that have focused on private and public utilities have not been conclusive as to whether there are significant differences between public and private involvement in urban water supply monopolies, especially in low-income countries (Bakker, 2003; World Bank, 2008). There has not been sufficient empirical evidence on the gap between the two to adequately respond to the question of whether privatisation or internal



reforms are the only water utility performance enhancement alternatives. Nor does considering the above reform options amidst some recent suggestions for pro-poor orientation and community engagement make the ever increasing demands on water supply easily predictable; and yet water is increasingly becoming a scarce resource whose demand is largely unmet (Bakker et al, 2008; Perard, 2006). Similarly, the old debate that NPM reforms are the antithesis of bureaucracy does not seem to hold. Regardless of some of their well documented weaknesses, recent research has suggested that in order for NPM reforms to have a higher performance impact, there is a corresponding need for strong and customer-responsive bureaucracies that have a potential to lead and control change (Franceys & Nickson, 2003; p.34; Nickson, 2008; Schwartz, 2007; 2008).

Further, the global debates on urban water reforms that revolve around problems concerning the scope of the water supply and corresponding local capacity to manage them have not provided a consensus on the way forward for water managers, thus leaving these people with the option of continuous experimentation. In spite of optimism by the 2004 UNICEF (United Nations Children's Fund) and World Health Organisation (WHO) about the likely achievement of the MDGs in urban water supply in respect to outstanding targets, these will need more water-user-focused reforms that are accepted by water managers and engineers and supported by access to adequate resources from key stakeholders. The implications are that while 1.2 billion people gained access to safe drinking water in the previous decades, another 1.6 billion need immediate access by 2015. Meeting this target involves enormous resources that need commitment from all development partners (Balen, 2006; Kayaga et al, 2009). Furthermore, the challenges of meeting such targets in Africa include persisting inefficiencies in public utilities, unaccounted-for water problems, increasing urban population, low service coverage for the poor, rigid bureaucratic management, persisting corruption, lack of clarity of

mandates, poor customer service, ineffective communication and inadequate human skills and resources. However, the efforts to currently benchmark institutional reforms have created some necessary motivation for public providers to be efficient, accountable, commercially minded and customer responsive. Thus, there is a slow but positive shift from crisis management to business-inspired and socially inclusive strategic management partnerships in urban water supply that is emerging in low income countries including those in Africa (Shirley, 2002; Mugabi et al, 2007 b; World Water Assessment, 2006). At the same time there is political pressure for water utilities not to ignore their social mandate of serving the poor (Bakker, 2007; Jacobs & Franceys, 2008; Jones & Needham, 2008; World Bank, 2008; World Bank Institute, 2010).

As much as the literature recognises the difficulties faced during reforms, such as confronting corruption, political patronage, rigid donor lending conditions, persisting poor management, inefficient regulation and disempowered water consumers – especially the poor – these problems cannot justify abandoning ongoing NPM inspired reforms. Rather it is argued that based on lessons learnt from the earlier reforms be used to refine and consolidate as policy reversals would create more problems (Pollit, 2011; Jung, 2011, Orsborne, 2007). There is growing evidence that the reforms can provide a more sustainable basis for water service improvement and responsiveness if proper implementation strategies that are contingent on the local situation are adapted (Caselley, 2006; Mugisha & Berg, 2008). It is therefore more feasible to recognise that experimentation with the reforms is necessary in order to eventually establish what works best in localised contexts and what resonates optimally with increased stakeholder support (Berg, 2005; Boag & McDonald, 2010). Similarly, the dichotomy between bureaucratic supply-led and customer demand-oriented reforms being treated as alternatives rather than complementary strategies will need to be reconciled. This challenge

can be addressed based on the recognition that professional and user inputs perhaps equally, or variably, matter in order to sustain reform processes from the key stakeholder involvement perspective (Berg, 2005; Jas & Skelcher, 2005).

Related to the above considerations, the recent literature further suggests that for reforms to succeed strong bureaucracies need to reflect the required institutional capacity for uptake of NPM reforms. However, in low income countries, the bureaucracies have actually been weakened by political patronage, incompetence and corruption, and are unlikely to be responsive to serving customer interests as a first priority unless exceptional efforts are made to reduce these obstacles (Balogun, 2002). This realisation poses a paradox, especially for low-income countries where bureaucracies are still essentially fragile (Nickson, 2008). This appears to contradict the earlier justification of NPM reform which stated that bureaucracies were the culprits, causing poor performance due to a lack of management flexibility and inadequate accountability, and with no credible responsiveness to the customer demands that are critical for the guidance of all organisational operations. This critical review of bureaucracies tends to suggest that user satisfaction and preferences need to take precedence over supply led standardised service procedures (Osborne & Gaebler, 1993; Goetz & Gaventa, 2001; Goetz & Jenkins, 2005). However, irrespective of the reform challenges noted above, there is hope that they can be overcome through local reforms that create accountable and user-sensitive bureaucracies without ignoring their social mandates.

The reforms cannot be avoided because of anticipated constraints, as the stress put on people, especially women and children who look for water, could lead to poor health outcomes related to lack of sufficient, clean and affordable water (Adobo-yobo, 2005; Mugabi, 2007; Fuest & Haffner, 2007; Gilbert, 2007; Kayaga et al, 2009; UNDP, 2008). The economic implications

in terms of tariffs charged by water vendors are likely to contribute to the widening poverty gap between rich and poor, thus further frustrating the likelihood of early achievement of MDGs (Berg & Mugisha, 2007). It has been suggested that these potential and fundamental problems cannot be strategically overcome with a persisting lack of communication between water consumers and providers. This situation can therefore be avoided by promoting user involvement in influencing water service delivery decisions. However, this objective can be easy to rationalise but potentially difficult to implement, due to possible resistance from stakeholders who fear that such reforms would cause them to be losers (World Bank, 2003; OECD, 2005).

In the 1980s when NPM reforms appeared to be popular both as a solution to poor performance in their own right and also as a potential alternative to privatisation, academic evaluation of their effectiveness was mostly negative, especially in relation to developing countries (Schick, 1998; Pollit, 2003). By contrast, it was the business consultancy literature that was more pragmatic in suggesting that the potential constraints of the reforms were not enough to cause neglect of the public demand for improved services. In any case, private investors who were unwilling to invest in politically risky countries could not be forced to buy poorly performing water utilities where the investment returns could not be guaranteed (Mugisha & Berg, 2008). The need for reforms has earned even more credibility as some recent research has found privatisation to be contextually unacceptable and to offer only limited solutions for performance problems that had been anticipated decades ago (World Bank, 2008).

However, for NPM reforms to make more sense a number of issues need to be resolved. For example, the local reform context in developing countries may be constrained by totalitarian

governance and lack of accountability to the citizens, which may hinder public water utility performance. Similarly, the high incidence of corruption in the management of public services and a general lack of managerial skills are among the most cited reasons for lack of commitment to reforms (Nickson & Frances, 2003, Mugabi et al, 2007a). However, the ongoing governance reforms, if well implemented, will reduce the incidence of some these problems (Gerlach & Franceys, 2010; UNDP, 2008). There is also lack of resource, institutional and managerial capacity coupled with lukewarm political support that needs to be addressed. There is a corresponding lack of government capacity to fund heavy network investment in expanding and maintaining water services, coupled with unplanned and therefore unmanageable population growth, especially in urban areas.

The recent literature has further indicated that, in qualitative and quantitative terms, scope, ownership, efficiency, economy and effectiveness, productivity, affordability and access issues are important considerations when reforming urban water public utilities (Seppala et al, 2004; Berg, 2005; Gonzalez-Gomez & Garcia-Rubio, 2008; Lobina & Hall, 2006; Word Bank, 2008; Berg & Marques, 2010). However, there needs to be caution in establishing how central some of these issues, taken singularly or together, are to reforms that take into account sound empirical evidence. The situation might be made more hopeful by viewing the potential constraints as manageable issues whose impact could be minimised through leveraging the case for contextualised NPM reforms. This approach could be more useful than blowing the constraints up out of all proportion as a powerful source of scepticism, in order to confirm the earlier ideological arguments that without privatisation there is no hope for water service improvement. Nor have the middle grounds of Public-Private Partnerships (PPPs) and pro-poor community engagement so far helped to build a strong case for reforms that bring cost recovery without necessarily bringing privatisation for profit (Bonnardeaux, 2009; Lobina &

Hall, 2006). However, the scepticism about privatisation justifies home grown internal reforms as the most likely viable means of improving urban water supply, for which NWSC has been identified as a potential area of study.

In sum, the basic arguments that involve privatisation and public sector reform have a common theme of promoting customer prominence in shaping the appropriateness of management discretion in designing service reforms, regardless of ownership. While other commentators have mostly argued, on a normative and less empirical basis, that privatisation can contribute to turn-around, others equally and justifiably argue that NPM reforms could provide the same or better solutions to poor performance in urban water supply, especially in low-income countries. However, NPM-inspired solutions are largely both theoretically and empirically still inconclusive (World Bank, 2008). Whether a reconciliation of the roles of providers and service users could potentially create the sound synergies that are necessary for reform success is a dilemma that will be discussed in the next section.

### **1.3 Supply-led and customer-responsive reforms**

This section essentially argues that reforms that are spearheaded by water engineers and business oriented managers could be balanced rather than being adversarial, as they have a potential to provide synergies that could improve overall water sector performance. There has been tension regarding how professionals should exercise their discretion and at the same time take into account service-user input (Boulding et al, 2005; Borghi & Berkel, 2007; Evans, 2010). Past supply-side reforms that focused on enhancement of technical capacity generally had disappointing results, as they ignored the potential for taking into account water users' demands about what they believed would benefit them most (World Bank, 2003; Nickson &

Franceys, 2003). As the economic downturn made access to subsidies difficult, in pursuance of cost recovery, most public utilities took the option of managerial interventions that promoted customer responsiveness. This was a shift from technical to more inclusive stakeholder solutions, with better targeted water service strategic improvement objectives. The resulting reform strategies inevitably incorporated a customer-focused philosophy in improving the performance of public water utilities without ignoring the need for a strong bureaucracy and stakeholder involvement to direct reforms on a more sustainable basis (Schwartz, 2006).

The normative and theoretical perspectives tentatively suggest that focusing on customer satisfaction has the potential to drive service improvement in public water utilities. However, there is still little evidence from specific cases observed over time that suggests customer-responsive reforms as viable alternatives to privatisation. There has been little focus on assessing the reform processes, programmes and policies as potential areas for measuring reform performance within specific country contexts and sectors. It is therefore argued that a more integrated approach to analysing reforms would provide a sound empirical basis on which to evaluate sustainable reform alternatives, rather than relying on sweeping one dimensional conclusions (Marsh & McConnell, 2009; McConnell, 2010). The literature argues that customer focus is good in its own right, as most satisfactorily performing organisations are assessed by how well they relate to their clients (Clutterbuck & Goldsmith, 1998). However, there are difficulties when customer-orientated reforms undermine the public ethos of greater community good by promoting individual preferences that are narrow and not of long term benefit to all citizens (Needham, 2006; Greener, 2007).

Bakker et al (2008) argue that the debate over the relative merits of public and private provision has diverted attention from the pressing issue of governance reform. This neglect raises the question of whether household provision of networked water supply by a monopolistic provider (whether public or private) can be made to be more responsive to water users under the current policy reforms. The above concerns can be allayed by greater stakeholder involvement in decision-making that takes into account pro-poor concerns as part of the social responsibility mandate (Mullin, 2009). The challenges to policy implementation and attributing service improvement to Customer Relations Management (CRM) are often used to discredit a customer-service focus and NPM reforms generally. Recently some studies have suggested citizen relationship management (CiRM) as more appropriate for guaranteeing the collective rights of citizens and their voice in the public sector (Schellong, 2004; Bourgon, 2007 a & b; 2009). From the public policy approach, the preference for collective public values and a professional ethos has also been ineffective in motivating providers to be responsive to service users, especially in low-income countries where government institutions mostly operate in a democratic deficit (Balogun, 2002).

This section has discussed the various differences within the reform perspective and established that reforms that are supply-led and customer-responsive could have the potential to provide synergies that contribute to overall service improvement. Recently, some water activists have consistently argued that water is a human right that should be accessible by everyone and not just by some preferred customers (Holland; 2005; Boag & McDonald, 2010). It is also known that even public utilities cannot supply water freely to those who cannot afford piped-water connections. This thinking contradicts the argument for cost recovery as advocated in the previous global water conferences (Mugabi, 2007). However, reconciliation of the roles of providers and service users could potentially create sound



synergies that are necessary for reform success. Given the turmoil Uganda has gone through in the last four decades, the present pro-reform government has been committed to looking for the best alternative for improving urban water to meet the ever increasing public demand (Nsibambi, 2010). The next section describes the context of urban water reform in Uganda, and how this contributed to selecting the NWSC as the case study.

## **1.4 The NWSC and the context of urban water reform in Uganda**

The purpose of this section is to justify why the NWSC was chosen as a case study that would exhibit the adoption of customer-orientation reforms within a pro-reform environment and to explain how this is favourable for addressing the research problem. The section describes the NWSC legal framework, the justification for public utilities in Uganda, board and management autonomy, population and coverage, the reform climate, and the organisational and institutional structure for reforms as background to the research context.

### ***1.4.1 The legal framework***

The existing legal framework in Uganda provides recognition of urban water as a development priority that needs resources to facilitate reforms. Water supply is regarded as a human right in Uganda and it is enshrined in the 1995 Constitution of the Republic of Uganda and other legislation such as the National Water Policy 2000 and the Water Act cap 152. However, this recognition has not prevented urban water supply from being managed commercially as well as with due concern for social responsibility (Ministry of Water and Environment [MWE], 2008). The NWSC was established in 1972 by President Idi Amin's Decree no. 34 and re-established in 1995 under the NWSC Statute. This public utility was

established to replace the post-colonial town water boards which were designed to serve mainly the privileged residents in major urban areas in Uganda.

Our assessment of NWSC reforms in Uganda is based on the reality that privatising urban water supply in major towns did not attract investors, and the Government opted to promote and finance NWSC internal reforms as an alternative to privatisation. However, it is not clear whether the main component of reforms, customer orientation policy, has been sufficiently well designed and implemented to achieve the intended objectives.

#### ***1.4.2 Justification for public utilities in Uganda***

The establishment of the NWSC as a statutory monopoly was part of government realisation in the 1960s that commanding the heights of the economy should be the preserve of the nation through state owned and funded enterprises that were intended to reverse some of the ills of colonialism by taking into account the welfare of all citizens. The public utilities in particular were strategically established to serve increasing urban populations by ensuring that, for example, water supply was commercially well managed but at a fair cost which would enable at the least the recouping of operational costs. To further justify the need for State Owned Enterprises (SOEs), there was no viable private sector to invest in water supply, with citizens regarding the provision of a basic water supply as one of the Government's welfare responsibilities. However, the popularity associated with utilities was short-lived as, over time, they became a burden to tax payers for reasons that mainly included incompetent management and neglect of customer demands.

Specifically, the public utilities in Uganda were in the 1960s operating under political instability, conflict and economic mismanagement, especially during the Dictator Amin's regime of terror (1971-78) and the government of Obote II (1981-86). These regimes faced

civil wars, were affected by global economic crisis, and were subjected to unsuccessful structural adjustment programmes (SAPs) before the present National Resistance Movement (NRM) reformist government came into power in 1986. The SAPs did not improve the situation of the utilities as political patronage, corruption, and lack of adequate funds for maintenance operations and service expansion could not easily be reversed, due to a looming economic and political crisis where water managers were victims of power abuse (Mugisha & Brown, 2010).

The 1990s saw the NRM government, which was initially socialist in orientation, adopting neo-liberal policies that included liberalisation and privatisation of public utilities. The Government embraced reforms as part of the ten-point bush war promises for a better life for all citizens. Also the donors and international community became very supportive of the Government with increased funding and technical assistance (World Bank, 1998).

However, by late 1990s efforts to attract investment for public utilities in electricity, mining, telecommunications, hotels, banking and textiles were relatively successful as compared with efforts to do the same for urban water supply. This is partly because water supply was highly politicised and carried heavy risks for long-term investment. The enormous investment in the sector prior to 1998, which was mainly targeted at improving the technical capacity of the NWSC, did not produce the intended results as water supply remained poorly managed and delivered. Therefore, in 1998, the Government appointed a new Board of Directors and top management with various stakeholder representatives (including water workers), who were opposed to privatisation and favourable to incremental internal or home-grown reforms aimed at turning around a corporation that was in a very bad shape. By the time customer-focused reforms were initiated, the corporation was on the brink of closure as it could not meet even

its operation costs, such as paying taxes, servicing debt, and paying bills to other utilities for telephones and electricity. The bad debt-collection rate of up to 14 months from its customers, with the Government as the worst culprit, undermined the corporation's balance sheet and its credibility to potential investors. The hundred days' programme announced by the new MD on his appointment in 1998 was intended to turn around all the accumulated ills in three months. This commitment was viewed with cynicism by most stakeholders, including the media. Yet after exactly three months, they were celebrating a transition from despair to promise, with most of the targets officially announced as having been met, leading the Government to reconsider its decision about privatisation (Mugisha & Brown, 2010).

#### ***1.4.3 Board and management autonomy***

Public utilities often experience tensions over the conflicting demands of freedom to manage, adherence to political directives, and avoidance of misuse of discretion. Bearing this in mind, the new Board and management secured greater decision-making autonomy under the NWSC Act of 2000. Instead of the corporation seeking bureaucratic and political authority from various government bodies to decide on low-risk strategic and operational policies, it was now able to make policy decisions such as those regarding customer-responsive reforms that are the main units of analysis for this study. The reforms were particularly aimed at improving customer service as a key strategy for improving water supply management and at the same time remedying the corporation's financial crisis. The new MD is credited with having both business and political acumen that helped him convince the key stakeholders that with a new team that was totally committed to managing change the NWSC he deserved the required support for the overdue reforms. Recent research has demonstrated that productivity and efficiency improvements in NWSC water supply are largely attributed to ongoing reforms (Kayaga & Franceys, 2009; Schwartz, 2006; Mugisha, 2005; Muhairwe, 2009; Braadbaart et

al, 2007).

The NWSC now operates within the arm's length institutional and regulatory framework of the Ministry in charge of Water and the Environment (MWE) after legal reforms that promoted commercial orientation. It also has overall responsibility for initiating self-regulating policies, agreeing contract obligations with government, and setting national standards and priorities for water development and management as the technical arm of government in this area. The organisation is under a Minister of state who oversees plans for the water and sanitation sector and has also a regulatory and policy implementation role. Parallel to this arrangement is the Department of Water Development (DWD), which is the government sector lead agency responsible for managing water resources and co-ordinating, and ultimately regulating, all water sector activities. The DWD also provides support services to local government and other small-scale service providers, within its capacity and resource constraints, under government budgetary provisions that are marginal (MWE-Water and Sanitation Sector Performance Report; September, 2008). The lack of an independent regulator has stimulated some criticism about the capacity to monitor and evaluate reforms and also the enforcement of water standards. However, recent research has indicated that the existing contract management scenario has bridged this gap well, with the support of pro-reform management and other key stakeholders (Mugisha & Berg, 2006).

The Board of Directors of the NWSC is appointed by the President on the recommendation of the Cabinet and it manages policy directions and the appointment of top and senior management with clear mandates that are protected from political manipulation. The MWE and the Ministry of Finance and Economic Development (MFED) are represented on the Board of Directors, to supervise and to monitor whether the corporation is meeting its

contractual obligations to government. The corporation is also subject to oversight by the ethics and integrity institutions of government, including the Parastatal Monitoring Unit (PMU) and the Parliamentary Parastatal Accounts Committee (PPAC) and professional bodies.

#### ***1.4.4 Population, funding and coverage***

The existing coverage of the water needs of the urban population of Uganda is still so low that it justifies more resources to facilitate reforms. The urban population is 15 percent of the total population of Uganda, which stands at about 30 million people (Uganda Population Census Report, 2002). Since the last census, the population is estimated to be approaching 30 million and the population in the major towns has risen correspondingly by about 20 per cent. The towns in which the NWSC operates have a combined population of 2.4 million people, which accounts for 75 per cent of the population of Uganda's large urban centres (NWSC Annual Report, 2008).

The corporation has a fixed asset base of Uganda Shs 242 billion, which comprises 18 conventional water treatment plants, 2 mechanical sewerage treatment plants, and 15 stabilization ponds. The corporation's network has over the years expanded to the current level of 2,868 kilometres. Today, the NWSC stands out as a model utility in the African region, largely due to sustained improvement achieved through the past eight years. The corporation sells about 41 million cubic meters of water per annum, generating a total turnover of Shs 59 billion, roughly three times the 1998 turnover of Shs 21 billion. Through the last eight years, staff productivity has improved from 27 to 7 staff per 1,000 connections, while the customer base has increased significantly from 54,367 to the present figure of over 200,000 official subscribers, representing 70 per cent of urban coverage (MWE-Water and

Sanitation Sector Performance Report; September, 2008).

The current staff component stands at 1,067 and comprises highly trained, skilled and experienced professionals in the fields of engineering, accounting, water quality management, strategic planning, human resource management, marketing and legal services. The average number of staff per 1000 water connections is now 7, which is quite impressive by international standards. The achievements of the Corporation have so far been realized through a combination of long term planning strategies which were translated by the NWSC management into a series of ambitious and challenging tactical strategies at the lower level (MWE-Water and Sanitation Sector Performance Report; September, 2008). These included the devolution of authority through internal performance contracts with each operating area. The reforms have effectively devolved the NWSC management areas into semi-autonomous business units. Each area is responsible for its own short-term planning and operational improvement and sustainability.

The Corporation's coverage has grown from a paltry 3 major towns in the 1970s to the current 22 towns. Its mandate is to contribute to the national development of Uganda as the key utility providing adequate water and sewerage services to all citizens. The vision of the corporation as public utility is to be the pride of the water sector in Africa. Its mission is to be a customer oriented organization providing excellent water and sewerage services in a cost effective manner.

#### ***1.4.5 Reform climate***

The current climate in Uganda is generally pro-reform and this has helped to facilitate water sector reforms. As a public corporation, the NWSC's corporate strategies (revised every three years and approved by government) focus on key government policies, namely, the Poverty

Eradication Action Plan (PEAP, 2005), the Millennium Development Goals (MDGs) and the President's Manifesto, all of which are aimed at eradicating poverty through systemic improvement in the standards of living of the people of Uganda.

The key motivators for continuous change for the past three years are spelt out in the three-year corporate plan for the period 2003-2006 that outlines 16 strategic goals of which the major ones are: reduction in the level of non-revenue-earning water from 39 per cent to not more than 35 per cent of water produced; improvement in staff productivity through training and awareness, and hence improvement in personnel levels to not more than 8 staff per 1,000 water connection; and increase in turnover by at least 10 per cent per annum.

Furthermore, the corporation aims to strengthen its process control and water quality monitoring systems to ensure that the customer receives water that complies with the Uganda National Standard for portable water of 1994; to increase the water networks in the NWSC service areas by at least 45 per cent; and to implement a corporation-wide effective management information system.

The core values that guide the company's short-term reforms and management policy, according to the NWSC Annual Report (2007-08) include:

- satisfied customers: happy and satisfied customers willingly paying their bills promptly.
- adequate network coverage: adequate water and sewerage network-coverage in all the specified towns where the corporation operates.
- conservation of the environment: working in harmony with, and contributing to, conservation of the environment.



- an efficient workforce: a strong, secure and committed workforce dedicated to the service of the corporation.
- decentralization and private sector involvement: working in alliance with the private sector with outsourcing and a high level of power devolved to NWSC internal area management.

#### ***1.4.6 Organisational and institutional structure for reforms***

Among the major constraints to public utility performance are hierarchical organisational structures and institutional bottlenecks that stifle innovation and risk taking. In the case of NWSC, the organisational structure was changed in 1998 to reflect the changing reform objectives and the need for managerial flexibility. The NWSC executive management team consists of a Managing Director and six division heads namely: 1) Managing Director 2) Chief Internal Auditor 3) Chief Manager Management Services/ Corporation Secretary 4) Chief Manager Engineering Services 5) Chief Manager Commercial and Customer Services 6) Chief Manager Institutional Development and External Services. The approved top management structure including the responsibilities of the customer care department are attached as Appendix 1. The structure reflects the main business activities of the organization. Each division is responsible for ensuring that all NWSC activities are undertaken efficiently in order to achieve the strategic objectives that embrace ongoing service delivery reforms that are monitored and evaluated on a quarterly and annual basis internally and reported directly to the MD. The corporation also reports externally to the Privatisation Monitoring Unit (PMU), the DWD and a Performance Review Committee (PRC) under MWE with the later being funded by the NWSC.

The NWSC in Uganda sought to address various problems that had hitherto affected the urban water sector by adopting various private-sector management principles within the framework

of NPM interventions aimed at revamping its performance. The initiatives undertaken since 1998 include a particular focus on commercialisation; customer orientation; decentralised management; performance management; improving management information systems (MIS) and pro-poor service delivery (Muhairwe, 2006). The interventions are claimed to have transformed the NWSC into a caring and responsive public utility unrivalled in sub-Saharan Africa (Matta & Murphy, 2005). However, there is no clear evidence from academic research, which attests to whether customer oriented reforms have resulted in more space for the user voice or have made providers more responsive to water users to ensure that they are satisfied and loyal to the provider. This study analyses this concern in the empirical chapters 4, 5 and 6.

The institutional framework of reform is supported by the government of Uganda, through the MWE, in consultation with line ministries, local government and development partners, in order to reform the urban water and sanitation sub-sector. The main objective is to address the challenges of delivering equitable, affordable, sustainable and high quality services to the urban population. The long term objective of the reforms for the urban water and sanitation sub-sector is *“to ensure that services are provided with increased performance and cost effectiveness, to reduce the government burden while maintaining the government’s commitment to equitable and sustainable water sector service to Uganda”* (MWE-Water and Sanitation Sector Performance Report, 2008, p.9; Poverty Eradication Action Plan, 2005). The specific objectives of the long-term reforms are:

- to develop a regulatory and government framework that will facilitate the meeting of the specific objectives, and that is well defined, clear, fit-for purpose, and promotes stability and confidence in the sector. It must be geared towards increasing transparency, accountability and efficiency through separating the three core functions

of the sector, namely (1) operation and maintenance, (2) asset ownership and (3) investment and regulation.

- to put in place comprehensive institutional arrangements which will enable the sector objectives to be met and provide mechanisms for, and give opportunities for, urban water supply to fall under private sector management.
- to ensure access to adequate capital investment to finance rehabilitation, renewal and expansion.
- to ensure the successful introduction of private sector participation.
- to improve investment efficiency by introducing an efficient asset and investment management structure.

The achievement of some of these above objectives have been established by previous studies (Salim, 2002; Jamal & Jones, 2006; Mugisha, 2005; Kayaga, 2002; Schwartz, 2006; Schouten & Schwartz, 2006 to mention).

#### ***1.4.7 Section summary***

This section has pointed out why the NWSC was chosen as a case study that exhibits the application of customer-orientation reforms within a pro-reform environment, which is favourable for addressing the research problem. The section has described the NWSC legal framework, the justification for public utilities in Uganda, board and management autonomy, population and coverage, reform strategies, and the organisational and institutional structure that facilitates ongoing reforms.

Ongoing debates on ownership of water utilities, scope of supply, cost recovery, managerial improvement and related water service improvement all point to the theme that government has to take responsibility, under sound management and regulation, for making urgent

changes towards meeting the MDGs (Jaglin, 2002). The NWSC is one organisation that has embraced customer-orientation reforms but has not gone through full-scale privatisation in order to achieve the present turnaround and this has been well documented (Muhairwe, 2009; Mugisha & Berg, 2008; Kayaga et al, 2009). According to the public opinion survey carried out in 2004 by consultants, there has been significant improvement in the performance and efficiency of service provision. However, this was a consultant report whose findings need to be further validated through independent research. The next section gets down to the research problem, aims and questions.

## **1.5 The research problem, aims and questions**

### ***1.5.1 The problem***

The importance of improving urban water management as one of the strategies for achieving the MDGs has generally been recognised by development analysts, scholars, managers and policy makers (Schwartz, 2006). The escalating population growth in urban areas undermines rather than reinforces the minimal achievements that have resulted from the ongoing reforms. The public utilities that continue to provide water services, especially in developing countries, are overwhelmed by increasing population demand and unplanned cities. Due to campaigns by water activists, there is increasing public perception that water is a basic good which it is government's responsibility to supply and subsidise. However, there is considerable neglect of the urban water sector in budget prioritisation although this is a sector that requires significant investments in water networks in all urban areas in order to guarantee a sustainable water supply. The investments expected from private investors have not materialized, as investors prefer to make money in areas like energy and telecommunications that are more

profitable and where government responsibility for operations is minimal and only regulatory.

Existing research on the appropriateness of reforms has focused mainly on privatisation as the most likely solution to address the problems inherent in the urban water sector (Casarin et al, 2006). The real point missed is that it is not the change of ownership that determines actual service enhancement but rather how the relevant reform strategies are conceptualised, designed and implemented. Therefore, instead of governments avoiding responsibility for managing change in urban water supply through a commitment to privatisation, there is an alternative of internal reforms that have become an inevitable approach for water service improvement in low-income countries such as Uganda. However, the efficacy of these interventions needs to be further understood in their context and multiple perspectives.

The case of the NWSC was considered an important one to study because, over time, it exhibited all the important attributes of a poorly performing public monopoly water utility, and this continued up until the late 1990s, when it was considered destined for a privatization that never happened. The main consideration for implementing internal reforms in NWSC was to improve governance of water supply based on demand responsiveness (Allen, 2004; 2006; Bakker et al, 2008). A customer orientation strategy as the main driver of reforms was implemented with the objective of enhancing performance by focusing on relations with customers, as well as reducing the corruption, inefficiency and political patronage that contributed to poor performance. This experience raises particular questions about how NPM-inspired reforms can effectively be implemented in developing countries in spite of the much discussed negative contextual factors and general pessimism about reform performance so far. It has been established in the literature that response to customers is more relevant to the private sector than to the public sector, and yet public managers also continue to embrace it.

The existing literature has not addressed the analysis of specific aspects of NPM reforms, such as applying customer orientation that could be important in focusing and reinforcing other aspects of reform in order to achieve better service outcomes.

Therefore, the research problem identified in the literature is a lack of adequate understanding of the design, implementation and assessment from multiple perspectives of customer-responsive reforms in public urban water supply, especially in developing countries. It is this problem that gives rise to the aims of the present study, whose aims and research questions are described below.

#### ***1.5.2 The aims of the study***

This study assesses the customer-orientated reforms introduced by the NWSC as a public utility that is mandated to supply water to all citizens in major towns in Uganda. The specific research objective is to establish whether the customer-focused reforms have contributed to service enhancement and responsiveness to the customer's voice in the NWSC. In pursuit of this objective, the study first analyses the problems that existed before the reforms, as perceived by key stakeholders, and links them to how they contributed to the customer-oriented policy objectives against which the design, implementation, and evaluation strategies are assessed. It further assesses how provider responsiveness to customer voice may have contributed to household-water-user satisfaction and loyalty as performance measures/outcomes.

### ***1.5.3 Research questions***

Arising from the above research aims, the main research question is:

**Has the NWSC become more customer-oriented as a result of reforms? If so what are the consequences for user satisfaction and loyalty?**

In order to answer the main research question, the following three specific questions are examined through empirical analysis:

- 1. How was the customer-oriented policy designed and implemented in the NWSC?**
- 2. How has the customer-oriented policy performed in the NWSC and why?**
- 3. Are household connected water users satisfied and loyal to the NWSC as a result of responsiveness-to-voice reforms?**

The first and second research questions are analysed in Chapters 4 and 5 respectively, which are based on data from interviews, focus group discussions, documentary reviews and participant observations. The third research sub-question was found to require a household water-user survey in order to establish the relationship between the established research variables and the hypotheses, and the results of this are presented in Chapter 6 of this thesis. It is in this chapter that the examination of how user voice and provider responsiveness reforms have affected water user satisfaction and loyalty is presented.

## **1.6 The significance of, and motivation for, the study**

There are several reasons why empirical studies on the application of urban water supply reforms are gaining significant academic and policy attention, especially when the arguments for outright privatisation have been challenged by a growing body of literature (Perard, 2006;

Boag & McDonald; 2010; Lobina & Hall; 2006; World Bank, 2008). First, the growing global academic, policy and practitioner interest in improving urban water supply management is largely driven by pressure relating to the increasing number of very poor people who do not have access to safe drinking water and the lack of resources and capacity to improve urban water management (Dupont, 2005; Fotaki, 2010). The reforms that are intended to improve urban water supply until recently have not been subject to rigorous empirical research that could provide insights into the appropriateness of policy alternatives that reflect the reality in low income countries.

Secondly, studies on urban water reforms have yet to widen our understanding of the potential and the associated problems of establishing what works in improving performance as far as low-income countries are concerned. Supply-led reforms appear not to have delivered the necessary service expansion, neither reducing the increasing unmet population demand nor promising the early likelihood of meeting the MDGs. This implies that there are fundamental challenges still to be addressed if reforms are to be made to deliver on the intended objectives. Thirdly, earlier studies on urban water service improvement have focused on professional preferences, efficiency and productivity, operational performance, service expansion, regulatory frameworks and effects on government ownership as possible areas for reform focus. However, this has tended to ignore the soft aspects of urban water management such as customer orientation, and decentralisation and performance management that have been argued to be more likely to contribute to overall urban water supply performance. The need to constrain the bureaucratic inertia and political patronage that characterise the inherently poorly performing urban public water utilities, however, remains an outstanding challenge. It is envisaged that by exploring such perspectives water reform alternatives would be better understood, given that privatisation has also had its constraints (Colebatch, 2006; Hall &



Lobina, 2006; Dolnicar & Meyer, 2009). Fourthly, there has also been little focus on a holistic understanding of how reform policies can be initiated, prioritised, designed, implemented, monitored and evaluated from multi-stakeholder perspectives in order to justify their efficacy, especially in low-income countries such as Uganda. Consequently this study builds on earlier work that has demonstrated substantial improvements in the NWSC as a result of different aspects of reform to which this study intends to add.

Fifth, the present study is significant in that it tests customer orientation policy as a potential driver of NPM reforms in urban water setting in the developing country context of Uganda. By researching policy construction, implementation and short-term outcomes, the study provides insights from policy makers, managers, professionals, customers, academic and other stakeholders on how to manage and control reforms for optimal results. The study uses multiple methods to get data and analyse it to provide a holistic picture of how reforms have performed in terms of policy making, managing implementation and evaluating outcomes from multiple stakeholder perspectives.

Sixth, the study is also important because it focuses on the idea that access to adequate and good quality water is a fundamental human requirement that is intended to reduce poverty. This concern has attracted significant attention in academic, management and public policy debates recently (Nickson & Franceys, 2003; World Bank, 2003). The present dissatisfaction with water supply has therefore increased citizen pressure on governments to ensure accountability, transparency, cost-effectiveness and efficiency in urban water service delivery. It is envisaged that, through analysing the appropriate interface mechanisms, service encounters and long-term relationships between users and providers, insights may be obtained on how to improve productivity, efficiency and effectiveness in water service delivery

(Narayan, 1996; Estrella, 2000; World Bank, 2003; Goetz & Gaventa, 2001).

Lastly, my earlier academic research interest in public sector reforms and my twenty years or so of experience as a government coordinator, particularly in reforming and privatising the telecommunications sector in Uganda, motivated me to study the reforms in an urban water sector that had not been fully privatised. The earlier intention was to compare the performance of privatised and public utilities, but it was found to be unfeasible to do so because of resource and time constraints and the requirement for a manageable focus. The personal motivation was therefore to gain knowledge about how NPM reforms work in practice, so as to make further contributions to the debate on the application of public sector reforms. The insights I had gained as a reformer and also as a board member for public utilities representing the Ministry of Works, Transport and Communications between 1988 and 2007 were also an important motivation for analysing policy change in practice. Further, my role as a participant observer who had interacted with the NWSC management at operational service delivery level and in making presentations in reform review workshops (2004 -2009) also shaped my research interest on urban water reforms in Uganda.

## **1.7 Thesis structure**

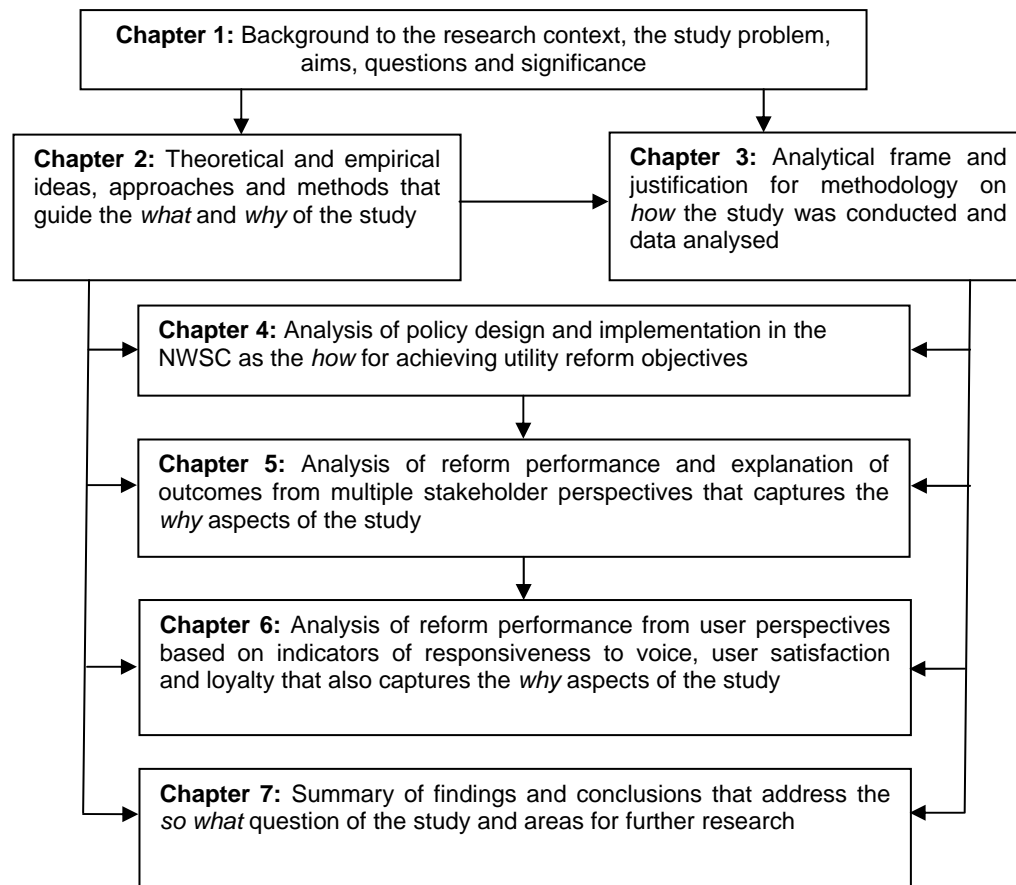
The thesis is structured into seven chapters that are linked to demonstrate how the research argument developed through theoretical, methodological and empirical analysis. This first chapter has provided a background to urban water reforms upon which the research problem, aims and questions for the study were constructed. The main purpose of the study is to assess how customer-orientated reforms were designed and implemented, leading to perceived benefits for driving changes in the urban public water supply in Kampala, Uganda, between

1998 and 2008. Chapter 2 sharpens the understanding of the research gap in the literature by reviewing the state of knowledge about applying customer-oriented reforms in the public sector, especially in regard to the approaches and arguments applied to understanding the chosen research topic. It further provides the theoretical and empirical context that shaped the research rationale by specifically examining the meaning of customer orientation as part of NPM reforms and as an alternative to privatisation. It further discusses the potential and challenges associated with reform design and implementation, including possible measures of public service outcomes. In particular, the concepts of user voice, responsiveness, satisfaction and loyalty are analysed as applied in the current literature with particular focus on how they are potential measures of the extent of customer orientation in the public sector with a particular focus on urban water supply.

Chapter 3 provides the analytic framework for assessing customer orientation in urban water supply under figure 3.1 that connects the ideas related to designing and implementing customer orientation reforms to changes in performance, user voice, provider responsiveness, user satisfaction and loyalty. It is also in this chapter that the details of the research design and field approaches used to collect the relevant data for analysis and interpretation are provided and justified in relation to answering the specific research questions and, ultimately, the main question. Chapter 4 analyses the main processes involved in the design and implementation of customer orientation policy in the NWSC and how constraints to reforms were overcome. Chapter 5 analyses the reform outcomes generally and those specific to particular stakeholders and provides an explanation of why the reforms performed the way they did. Chapter 6 analyses whether responsiveness to voice has influenced household water user satisfaction and loyalty to the NWSC as measures of the extent to which customer orientation has been institutionalised as an innovative performance strategy. Chapter 7

presents the study summary, conclusions and implications for further research. For further clarity, the diagrammatic chapter outline of the integrated thesis argument is presented below.

**Figure 1.1 Diagrammatic outline of the integrated thesis argument**



## 1.8 Chapter summary

This chapter has introduced the debates related to improvement of existing water services, discussed internal reforms and privatisation as alternatives, and examined how the supply and demand gap can be reduced through improved provider and water user relationships. The chapter has also described the context of ongoing reforms in the National Water and Sewerage Corporation (NWSC) of Uganda as an urban public water utility. Further, the research problem, the questions, aims and significance of the study have been spelt out. Finally, the overall structure of the thesis has been outlined to show the cumulative development of the research argument.

## **CHAPTER TWO**

### **CUSTOMER RESPONSIVENESS IN THE PUBLIC SECTOR**

#### **2.1 Introduction**

In the previous chapter, the research problem regarding the lack of adequate understanding of the application of customer-responsive reforms in urban public water supply, especially in developing countries, was pointed out (World Bank, 2003; UNDP, 2008; OECD, 2008). This chapter reviews the state of knowledge on customer-responsive reforms in the public sector in order to clearly identify the research gap and provide insights for sharpening the questions that will help narrow this gap. The review is intended to establish the current approaches, the arguments and the main concepts that will help to determine the analytic framework, including the data to be collected and analysed to solve the research problem. Lastly, the review is expected to help in structuring the research argument of the current study through validating the research findings and conclusions that will constitute the contribution of this study.

To achieve the above aims, this chapter specifically examines the meaning of customer orientation as part of NPM reforms and how these reforms may be possible alternatives to privatisation. The implications for different reform design and implementation strategies associated with the public sector are discussed. The concepts of user voice, responsiveness, satisfaction and loyalty as applied in the current literature are analysed, with particular focus on how they can be used as measures of customer responsiveness in the public sector and as possible strategies for improving urban water supply management, especially in low-income countries. This chapter is structured as follows:

- *Section 2.2 defines customer orientation policy and discusses its contextual origins.*
- *Section 2.3 discusses why customer orientation is important in the public sector.*
- *Section 2.4 Analyses and critiques how customer orientation can be designed, implemented and assessed.*
- *Section 2.5 describes how responsiveness to user voice, satisfaction and loyalty are possible measures of customer orientation.*
- *Section 2.6 provides an overview of customer responsiveness in urban water supply.*
- *Section 2.7 concludes by summarising the main ideas that shape the research focus.*

## **2.2 The meaning of customer orientation**

### **2.2.1 Introduction**

New Public Management (NPM) and Total Quality Management (TQM) are related sets of concepts borrowed from the private sector, that provide a framework for understanding customer orientation as a strategy that takes into account user preferences and satisfaction as the driving force for designing and delivering responsive services. The concept of customer orientation has various labels that include the states of being “customer-responsive”, “consumer-focused”, “customer-focused”, “customer-driven”, “customer-centred”, “customer-service-oriented,” “client-focused”, “user-oriented”, “consumer-oriented”, “citizen-oriented” and “stakeholder-oriented” and “putting customers first” (Chen et al, 2004; Thompson, 2000; Osborne & Gaebler, 1993; Reichheld; 2000 a & b; Reinikka & Svensson, 2002; Osborne, 2007). In spite of this non-exhaustive array of sometimes complementary labels, the main goals pursued under customer-oriented reforms include ensuring consumer sovereignty; promoting client consultation, participation, and involvement; collaboration, co-production and facilitating the management of service-user feedback to enhance provider responsiveness in service delivery (Rop, 2008; Powell et al, 2010; Vigoda-Gadot et al, 2004).

Therefore this study uses the above concepts interchangeably, as alternative approaches to understanding customer focus, rather than as competing terminologies. In any case, these definitions only make sense when service providers are given the necessary incentives, including sanctions that motivate them to listen and act on customer demands. Above all the consideration for improving the public relations in the public sector is based on the social exchange perspective where each party has something to offer (Alford, 2002; Aggarwal 2004).

### ***2.2.2 Differences in understanding of customer service***

The continuing differences in understanding customer service in the public sector revolve around its transferability from the private to the public sector, with fears of undermining public sector values in favour of private interests (Clarke et al, 2007; Needham, 2006; Greener, 2007). Perhaps this contention was not foreseen when privatising public utilities, where different rules of doing business would be applied in order to improve service delivery. A useful way of disaggregating forms of customer orientation that range from very narrow to broad interpretations of the term is suggested by Bruhn (1999) and involves three kinds of interpretation. The first is an information-based interpretation that defines customer orientation based on the capacity to collect customer information for analysis to determine customer preferences, with the possibility of taking these into account in decision-making related to service delivery. The second is the culture and philosophy-based interpretation that goes beyond the first interpretation as it defines a company's customer orientation through the presence of certain values, norms and convictions that shape the service design and delivery (see also Deshpande et al, 1993; Homburg et al, 2009). This understanding is also suggested by Parasuraman (1987), who views customer responsiveness as part of a corporate culture that

promotes not only the company's corporate image but also its individual employees' positive behaviour in dealing with customers. The third form of customer orientation is based on the quality of the services provided and is different from the first two forms. This is because the first two conceptualisations address customer orientation from the standpoint of the organisation, while the service- and interaction-based understanding considers the customers' perspective as well.

When taking into consideration the above distinctions, it is essential to adopt a broad conceptualisation of customer orientation that takes into account all the dimensions suggested by Bruhn (1999, p.10). This implies that "Customer orientation is the comprehensive, continuous collection and analysis of customer expectations as well as their internal and external implementation in an organisation's services and interactions, with the objective of establishing stable and economically advantageous customer relationships on the long term". This broad understanding has implications for implementing and assessing customer orientation as a management strategy for reinforcing the operational, managerial and service distributional capabilities of an organisation.

Further, irrespective of efforts to reconcile the differences in understanding of customer service in both the private and the public sectors, there has been a heated debate recently, especially among public policy scholars, who argue that public services should be motivated by public value rather than profit and individual satisfaction (Fox, 1999; Clarke et al, 2007; Needham, 2007). The challenge of balancing service complexity, revenue generation and cost recovery, and at the same time responding to social obligations, is a daunting task for public managers if they are to be judged as holistically responsive to key stakeholders especially the customers. This challenge is not necessarily insurmountable, as some service organisations



have successfully isolated customer-consumer obligations from citizen rights and managed them strategically without any conflict, as demonstrated by the recent study on Ofcom in the UK (Livingstone et al, 2007). The bottom line is that most organizations, including governments, are rated in modern times according how well they serve and relate to the public, irrespective of the labels that may be used for the latter such as the public, citizens, clients, consumers and customers (Balogun, 2002). The labelling of service users cannot be ignored; but what may be more important is not the traditional form of service rights of citizens but rather the content value to the consumer, as influenced by one's voice and, where applicable, choice.

### ***2.2.3 Different objectives for customer focus in the private sector***

There are conflicting views about why customer focus is assumed not be appropriate for the public sector, and these are based on the understanding that there are different objectives for customer orientation in the private sector (Fox, 1999; Box, 1999; Aberbach & Christensen, 2005). It is true that to some extent the overall goals for customer focus in the business sector are different, as private managers strive to make profits for shareholders by capturing customers and retaining them, sometimes through marketing strategies that border on manipulating consumer behaviour patterns (Fox; 1999). For instance, in addition to what Holland (2005) argues bottled water being used to exploit users, a BBC television documentary dated 23 November, 2010, was critical about how multinational bottled-water firms, through intensive marketing techniques, have successfully hoodwinked the public into believing that the so-called mineral water that they have got from the tap, refined and bottled is superior to ordinary tap water. These firms sell billions of litres per day for as much as 3000 per cent profit, on top of contributing to environmental damage.

Customer focus for the business sector involves competitive pricing, increasing customer satisfaction and loyalty, ensuring retention by favourably impressing customers, creating *raving fans* as positively obsessed service users and promoting a customer *mania* organisational culture (Drucker, et al 2008; Thompson, 2000; Strauss & Seidel, 2004, Blanchard et al, 2005). Achieving all these dimensions requires ensuring provider responsiveness to user demands on a continuous basis. The overriding conviction is that business efficiency, effectiveness and productivity in serving customer preferences is the strategic goal for ensuring profitability and shareholder value through increased market share. The problem therefore is that for the private sector the motivation for customer service is not broadly defined in terms of community welfare and citizen rights but in terms of narrow commercial goals. However, recent literature argues that by focusing on commercial goals to generate revenues there is more likelihood of service sustainability and correspondingly increased capacity to handle corporate social obligations (Mullin, 2009). To take care of community interests and environmental concerns and combat unethical behaviours it is suggested that consumer watchdogs, regulators, consumer representatives and other oversight institutions need to be on the alert in monitoring service performance (Jones & Needham, 2008; Rahman, 2004; Jung & Osborne, 2010; Ayeni, 2001). The feedback gained can be used for service enhancement after being reviewed by professionals and managers with due consideration of user input.

The decision-making process in business management is largely shaped by a mix of considerations: product value, service quality, market share, value for money, individual consumption, being customer driven and stakeholder sensitive in order to improve performance from multiple perspectives. Some of these concerns have not considered performance priorities for the less commercially oriented public services (Thomson, 2000;

Jayachandran et al, 2010; Gummesson, 2008). As a replication from the business sector, it is now common for most organisations to have the concept of the customer prominently positioned in their visions, missions and customer service reform policies. However, most business organisations which claim to be customer-centred also in practice fall short of actually delivering faultless customer services (Evans, 2010). For instance different approaches to implementing customer responsiveness, as influenced by technology, markets, human resource capacity, leadership and service regulations, pose difficulties for developing a uniform model of implementing and assessing the extent of customer focus in the private sector; and this has implications for the public sector as well (Thomson, 2000). An analysis further explaining this point is provided in the next sub-section.

#### ***2.2.4 Customer responsiveness in the public sector context***

The need for customer responsiveness in the public sector interpreted as providers responding to service users was raised as far back as the 1940s, but not so prominently until the 1990s according to Drucker et al (2008). Customer service has become a popular slogan in strategic statements of public organisations that are embracing NPM inspired reforms that call for responsive services as demanded by citizens (Aberbach & Christensen, 2005; Palma, 2010; Paarlber, 2007; Oxfam, 2008; Osborne, 2010 a & b). One area of resistance to such reforms in the public sector is that citizen rights, fairness, justice, public values and non-discrimination are marginalised through manipulating customer expectations and preferences to make as much profit as possible (Chen et al, 2004; Kohli & Jarwoski, 1990; Elmuti et al; 2008; Eiriz & Figueiredo, 2005; Frow & Payne, 2009; Fryer et al, 2007; Fisk et al, 2010). There are, however, conceptual refinements that need to be addressed to give the term customer service a meaning that is relevant to the public sector. This requires focusing on how customer

responsiveness can empirically be applied by changing the culture and behaviours of public officials so that they respect client demands in both social and technical decisions. This implies selectively learning from the business sector, based on situational analyses that take into account user-targeted interventions that are context and sector specific (World Bank, 2003). For example, Kennedy et al (2003) identify the roles of leadership, inter-functional coordination, and dissemination of customer-focused data as important requirements for implementing customer orientation in the public sector (see also Palma et al, 2006; Teo et al, 2006).

As a strategy to shape the specific nature of customer orientation in public organizations, not necessarily in sharp contrast to the private sector, the following definition has been suggested:

*The increased focus on the concrete and existing needs of customers (e.g. residents) brings about profound shifts in public administration. Naturally, laws still do have to be followed, procedures have to be carried out properly, and uncomfortable decisions and demands have to be made, if necessary in an authoritarian manner. Customer orientation in this context does not mean making the customer the measure of all things. Rather, it means providing a necessary service in such a way that it meets the customer's needs in the optimum manner (Schedler, 1995; p 37 cited Korunka et al, 2007).*

The above definition of customer orientation is a potential compromise that addresses the lack of equity and ethical considerations that are attributed to indiscriminately copying the customer orientation model from the business sector (Le Grand, 2006). There is therefore a possibility that some of the fears of customer orientation in the public sector can be handled by good corporate governance, enforcement of regulatory compliance, and competent political and administrative accountability. This can also be possible through transparent oversight institutions and well managed public relations that involve policy makers, citizens and top corporate leadership (Brewer, 2007; Mullin, 2009).

Another related concern about treating citizens as individual customers is the need this creates to market public services – a need that can potentially involve resource wastage, especially where there is lack of real competition or choice. It is common in both theory and practice to imply that customer orientation is interchangeable with the wider concept of market orientation, which is inaccurate, as they capture different service dimensions (Brady & Cronin, 2001; Kohli & Jaworski, 1990). The marketing concept may therefore have limited value in the public sector, except in as far as customer orientation is a first step in establishing limited interpretation of marketing on which to base an understanding of consumer behaviour.

#### ***2.2.5 Section summary***

In sum, the focus on analysis of what customer service consists of is at the forefront of service improvement efforts that have attracted scholarly and managerial analysis and attention from different disciplines. As much as scholars are largely pessimistic about running public organisations like businesses, the reality is that practitioners have embraced this approach and most think that innovation and risk-taking are basic to improved service delivery. This trend implies that scholars will continue to have the challenge of providing insights into how these innovations actually work and the likely benefits if they are well implemented rather than emphasising how they cannot work in low income countries. After considering briefly the implications for customer focus in public sector, it is now important to examine what has made customer orientation in the public sector a priority for service improvement, and this is done in the next section.

## **2.3 The case for customer focus in the public sector as an alternative to privatisation**

### ***2.3.1 Introduction***

Perhaps the justification for privatising public utilities especially in low income countries, in 1990s, did not foresee that privatised services would become less public and more private by being subjected to competition and a search for shareholder value as the determining factors for efficiency, effectiveness and consequently more customer responsive service delivery (Korunka et al 2007). If public value was what mattered, then the outright privatisation of profitable services would have been revisited to protect public interest because it was not delivered (O'Flynn, 2007). In spite of its origins, discussed above, the concept of customer service is no longer the preserve of the private sector, as for example in the UK, USA, Canada, New Zealand and including some developing countries that are among the early reformers in 'putting customers first' as a core value of improving public service delivery (Osborne & Gaebler, 1993; Schick, 1999; Thompson, 2000; Balogun, 2002). It is true that to a significant extent the customer concept has changed the landscape of public management, in some cases to the point where it is difficult to know the face value difference between the ways in which private and traditional public bureaucratic organisations are actually managed. This reality points to a possibility of the emergence of universally applicable management principles that transcend the private and public sector divide (Schwartz, 2006).

The distance between professional expertise and lay user experts has narrowed in cases where customer responsiveness, through voice and choice mechanisms, has been enhanced (Beresford, 2007). This could imply that with public sector organisations where privatisation is not possible might have to live with the reality of adopting customer service orientation to justify their existence as a reputable, high performing, trusted and important arms of

legitimate democratic governance. It further means embracing an organisational culture that incorporates the customer as the focal point of strategic planning and an execution that focuses on other NPM reforms with clear targets and well defined ultimate service beneficiaries (Parrasuraman, 1987).

Therefore, cascading customer prominence to all levels of the organization, including framing external relations with other stakeholders, has the potential to spearhead and champion public service improvement in the modern era (Drucker et al, 2008). This of necessity implies a more feasible, comprehensive and enduring approach to dealing with the customer or citizen in the public service based on quality of services actually delivered. Criticisms of merely reacting to individual user complaints related to service delivery arrangements have in some instances been overcome by aggregating information from user satisfaction surveys to anticipate areas that need standardised action that is more cost effective and which perhaps offers better results for all rather than just for some.

As a strategy for performance planning and improvement in the modern public sector, a customer orientation approach promotes user focus groups and customer surveys as ways of understanding customer perceptions in order to formulate a knowledge input on how to design new products and services that are user responsive (Blanchard et al, 2005; Nwanko, 2010 personal communication). It further enables public service providers to get deeper insight into customer desires, in order to minimise the gap between what is important according to the professionals and what is important to the lay people for whom investment in, and delivery of, the service is intended. However, although the customer-led approach appears sensible and compelling, it has been argued to be reactive, short-term in its focus and to lead to adaptive rather than generative learning (Senge, 1990). It can therefore constrain

innovation, as customers are accused of lacking foresight and powerful customers may be dominant and rigid, to the disadvantage of less powerful customers (Fox, 1999). The competence of customers to determine service delivery arrangements without the concurrence of professionals who claim to have accumulated knowledge of optimal means of service delivery can be challenged on technical grounds (Greener, 2007). However, if customers reject what the professionals provide without their input, the risk is greater, and other collective public values that are claimed to be key to the public sector cannot be met (Schellong, 2004).

### ***2.3.2 Potential of developing customer performance tools for the public sector***

The traditional research tools used by the private sector to assess service user satisfaction, such as customer surveys, can be constrained in facilitating innovation or suggesting solutions because of shortcomings in the type of questions asked and the representative nature of those surveyed, including the non-respondents. Also needs that are latent or not expressed openly by customers can be altogether ignored in service design and delivery. This shortcoming justifies other information generating approaches for gaining insights into antecedents that enhance or constrain total customer service (Box, 1999). Other difficulties associated with a customer-led approach include lack of valid measures of customer satisfaction, as sometimes customers do not indicate their willingness to continue purchasing and the likelihood of repeat business. There is a tendency for the wrong activities to be assessed, which distorts the strategic performance indicators and results in contributing too little public value (Blanchard et al, 2005). The customer base tends to be retained for profits and not necessarily for ensuring satisfied citizens who contribute to the development of communities. Customer



service design and implementation strategies are often messy and therefore not easy to imitate in the public sector, and they may therefore be more suitable for achieving competitive advantage, which is not the main objective of public services (Greener, 2009).

However, in a unstable economic environment focusing on anticipating the rapidly evolving customer needs could create capabilities based on user knowledge that can be of added advantage to organisations that intend to remain relevant to dynamic public needs. The other benefit is that customer visionaries tend to be early adapters in exploiting new technology that is supported by innovative suppliers, and this characteristic of foresightedness is less common in poorly performing public firms (Osborne & Gaebler, 1993). To argue that customer orientation is not relevant to the public sector would suggest that it is equally irrelevant for a commercially oriented public utility, and that can hardly be justified. The customer led-philosophy can elevate concern with satisfying customers' expressed needs, despite being short-term in nature and reactive (Narver & Slater, 1994). The diagnosis of service quality impediments can justify the need to emphasis training of staff to be more customer- sensitive and perhaps less bureaucratic. An enabling environment and leadership that ensures that customers actually matter in decision-making is argued to be a prerequisite for strong customer responsiveness that is a characteristic desirable in itself (Bradly & Cronim 2009; Blanchard et al, 2005). Further, a genuine customer service can be reinforced by an organisational focus on rewards and sanctions as the main motivators for creating a user-responsive culture.

### ***2.3.3 Customer responsiveness as a norm rather than an exception in the public sector***

Most organizations, whether public or private, have globally embraced customer orientation as a norm rather than an exception, as the advantages are often automatically assumed (Drucker et al, 2008; Rhodes, 2010). As a result of NPM, customer orientation in the public sector has sometimes, unjustifiably, been seen as the anti-thesis of bureaucracy. Various studies have given bureaucracy a bad reputation as stifling performance through wastage rather than promoting the values of producing more with less (Blanchard et al, 2005). Even in the business literature, the application of some forms of bureaucracy in private organisations is hardly acknowledged, or is criticised for leading to poor performance, or at most is praised for ensuring predictability and neutrality in decision-making. This attitude to bureaucracies has sometimes led to limiting the possibility of reforming them to making them responsive to user voice, as a more practical alternative to privatisation rather than merely condemning and marginalising them. Given the earlier pessimism about NPM reforms, some commentators have argued that the benefits of bureaucratic administration have been well established over a long period of time and need to be revisited. It has been suggested that the attacks on bureaucracy as being inherently ineffective, undemocratic and resistant to change have been the work of critics who are bent on demonising bureaucracies regardless of their positive contribution to human progress to date. However, it has also been well argued that successful organizations have a culture of collecting information from customers for evaluating their needs, wants, demand and preferences, with the information generated being used to design and deliver services (Schneider, 1994).

Some public services which are provided by the private and the public sectors, like urban

water supply, have been detached from the mainstream of public service to be managed on commercial principles (Mugabi, 2007). This is to enable the services to be run in a regulated but semi-autonomous mode to ensure that they are managed according to business practices to avoid being bogged down by undue bureaucratic constraints and political interference. As much as competition for the market presupposes disciplining managerial behaviour, in cases of market failure, there is a need to regulate such competition to improve productivity and efficiency, while at the same time achieving wider societal goals. Perhaps this is why the need for customer-oriented public service delivery has been discussed since the 1940s and gained exceptional prominence in 1990s. The proponents of entrepreneurial government (that steers rather rows) argue that the benefits of customer orientation in the public sector include:

- forcing service providers to be accountable to their customers
- depoliticising decisions on choice of provider
- stimulating innovation
- providing choices
- decreasing waste
- increasing commitment of empowered customers, and
- creating opportunities for equity (Osborne & Gaebler 1993; Balogun, 2002; Ayeni;2000).

The above benefits further suggest that customer responsiveness can act as a driver of other NPM reforms by involving service user values in shaping organisational culture, ensuring that the interface between customers and staff is well managed. This approach also ensures that organisational resources are aligned to motivate staff to be responsive to the ultimate service beneficiaries (Brounlow, 1997; Osborne, 2007).

Therefore, the focus on service beneficiaries adds value to the separate but related NPM-linked interventions that ideally constitute integrated reforms and together they have a higher chance of producing positive results for shareholders and service users (Eiriz & Figueiredo, 2005; Blanchard et al, 2005; Bleuel & Stanley, 2007). For instance: the goals of decentralising services to local areas are driven by taking services nearer to the users; performance management is mainly geared to producing the highest value for the service user; benchmarking and contracting partly involves meeting service standard that are satisfactory to users; changes in organisational structures and culture are intended to create good provider-user interface in order to harmonise service priorities. Further, the meeting of international Service organisation (ISO) standards also has a soft side on how well customers are treated and empowered to influence providers in meeting their obligations. Customer orientation overall contributes to building corporate entrepreneurship in the public sector by relying on the external perspectives of what constitutes good performance rather than just focusing on internal professionally driven processes.

#### ***2.3.4 Section summary***

In sum, the value of customer service can be justified on efficiency and responsive accounts, the lack of which have been blamed for service failure in the public sector that has contributed to the privatisation option without revealing its darker side. However, the applicability of customer service in the public sector is still contested by both scholars and practitioners involved in the public sector. Therefore the way customer orientation is implemented in the private sector has theoretical and practical implication for its adoption and implementation in the public sector. An analysis explaining this point further from the customer service policy design and implementation perspectives is provided in the next section.

## **2.4. Designing and implementing customer orientation**

### ***2.4.1 Introduction***

Some commentators have argued that, given the challenges most private organisations have faced in applying a customer service orientation, it is likely that, if such a policy is not well designed and implemented, it will be several times harder to apply in the public sector (Thompson, 2000; Bei & Shang, 2006; Bell et al, 2004). The main reason for this is that public services are complex, and are structured for community benefit rather than for the individual satisfaction of those who can pay and for the maximization of profit (Kennedy et al, 2003; King, 2006; Martin & Bush, 2010; McGuine, 2003; Matei & Matei, 2010). However, it can also be argued that some of the lessons learnt from implementing customer orientation in the private sector can be used to overcome the anticipated challenges in the public sector, as the discussion below is intended to reveal.

### ***2.4.2 Taking account of customer orientation lessons from the private sector***

Good intentions are rarely easy to implement as they affect the status quo and can sometimes trigger formidable resistance from potential losers or even detractors. Some commentators have argued that most business organisations that want to succeed have prioritised the value of customer satisfaction without addressing the challenge of how to achieve the vision of making the customer the ultimate reason for the organisation's existence (Chen et al, 2004). In an attempt to fill this gap, Thompson (2000) researched among both public and private companies and found that “virtually all shared a mission or vision statement with a focus on the customer, but most lacked a methodical approach and an operational framework to accomplish that mission or vision (p.xii)”. To overcome resistance to change, some

companies have emphasised links to contracted service distribution channels in order to focus on production. Others have focused on distributing directly to especially big customers, thus meeting the associated costs at the micro level that are eventually met by customers.

Some business have fallen into the trap of process management and re-engineering as a means of reducing internal costs and correspondingly increasing efficiency, effectiveness and productivity, without considering what the customer actually prefers. This reflects the internal view of management and therefore ignores the external view of customers in determining the design and actual delivery of services on which poor performance is mostly blamed. However, the solution is expected to lie in creating strategies and techniques that apply the voice of the customers as the main driver of change in service delivery (Blanchard et al, 2005; Macaulay & Clarke, 1998; Mair & Parry, 2004).

Thompson (2000) further suggests that the development and implementation of customer-centred vision entails focusing on operational strategies that differentiate and compete on service and value for customers. The argument that such considerations are not applicable in the public sector and contexts can be diversionary, as contrary evidence shows that public companies such as British Airways and Ethiopian Airways are established cases of commitment to serve their customers before anything else (Balogun, 2002). It is therefore important to first recognise that before embarking on reform design and implementation, the existing service must be fully diagnosed in relation to current performance, in order to recognise the vacuum to be filled through reforms supported by key stakeholders. Secondly, the existing capability and existing structures need to be assessed before designing the implementation process that will capture customer value, in order to enable the review of essential process capabilities and the facilitation of infrastructure (Drucker et al, 2008). By

implication, a customer-focused vision is a dynamic moving target that needs to be continuously identified at each level of intervention both as a process of in-house assessment and target accomplishment evaluation from multiple perspectives.

To overcome one of the major obstacles to change, traditional organisational silos and initiative gridlocks need to be overcome, as suggested by Thompson (2000). There is also a need to develop metrics as measures or performance indicators that frame the relevant interventions upon which service outcomes are accurately assessed. This model links business outcomes to employee, department and enterprise levels of operations management, with the overall objective of fulfilling a firm's commitment to its customers first.

The desired future state, as indicated in a company's vision/mission, should clearly show a business-direction by targeting market segments that constitute specific categories of customer demands. The core competencies for customer orientation include enabling infrastructure, organisation structure, human resources, culture, business policies and practices, measurement systems and controls, incentives and rewards, assets and financial resources, information and technology. The maintenance of the above aspects that affect the customer value system can be done by institutionalising the actual management process for identifying customer requirements, understanding customer performance perceptions, handling customer complaints and developing customer service trends. This is part of the process of continuously identifying performance gaps in order to create innovative solutions that inform the customer focus process. Overall, the operational objectives need to capture the strategies that attempt to align the customer vision of ideal value delivery and the capabilities to deliver that value (Kotler & Armstrong, 2010).

### ***2.4.3 The importance of developing a customer service culture***

Some commentators have justifiably argued that it is difficult to achieve customer orientation without changing the corporate culture (Batley et al, 2007). This change needs to involve valuing customers' interests as a first priority and linking them to corresponding staff attitudes and behaviours towards customers. For example, Parassuraman (1987) argues that a genuinely customer focused culture is a pre-requisite for excelling in attracting and retaining customers in any market place, irrespective of monopoly or competition. He further points out that the traits and values representing such culture are important if they are linked to important service features that are valued by customers.

Therefore, organisational culture change can be used as a way to confront bureaucratic inertia by focusing on “the unwritten, often unconscious message that fills in the gaps between what is formally decreed and what actually takes place,” (ibid, p.40). It involves shared philosophies, ideologies, values, beliefs, expectations and norms. Therefore, basically, a strong and appropriate corporate customer culture is important to the success of all firms, irrespective of how they prefer to label their customers.

A firm that ensures that its staff are unified on customer satisfaction across the organization and have focused levels of performance is more likely to be successful (Campbell, 2003; Kotler & Armstrong, 2010). In this case, the rules should not be ends in themselves, but aids to internal operations, with a quest for innovation that is beneficial to the organisation (Horward, 2010). Simply ensuring the satisfaction of customers may not be a sufficient goal in some instances. The executives who are genuinely interested in fostering a customer-oriented culture are the likely real winners in the complexity of today's businesses.



Employees who add value to the firm's non-routine interventions to satisfy the customer need to be recognised and rewarded as a motivation to others through an awards programme. However, a customer-oriented culture cannot guarantee high performance levels, as monitoring and controlling of costs are also important factors.

In the search for strong user-responsiveness, cascading customer culture into leadership and coordination roles is an important factor to be considered by reformist managers. The success of customer orientation in organisations is also largely an inter-functional coordination of work processes that contribute to preferred service outcomes (Cheu et al, 2004; Denhardt & Denhardt, 2003; Denton, 1989; Dean, 2007; Danneels, 2003; Cross et al, 2006; Coulter & Ligas, 2004). It is important that customer requirements permeate all organisational activities and serve to align the required transformation. As Webster (1994) states, "Everyone's job is defined in terms of how it helps to create and deliver value for the customer and internal process are designed and managed to ensure responsiveness to customer needs and maximum efficiency in value delivery" (p. 263).

The role of senior leadership in identifying the need for change, participating in designing change strategy, and owning the change process can be positive in establishing customer service. There is a need for commitment intensity and emotional support for change that is recognisable and valued by important stakeholders, who can facilitate reforms to realise their goals. This approach has the potential to deflect external barriers, for example by creating a favourable environment to achieve a better customer focus. Cascading the leadership role to influence activities and behaviours is critical for success in achieving customer service. In the public sector, aligning customer satisfaction efforts that link with overall organisational objectives, as also influenced by external stakeholders, is important in minimising role

conflict. Internalisation of shared mission and vision are also very important factors that influence the achievement of good customer service.

In business management, some commentators who are also involved in academia, and also consultants or business owners/managers, offer prescriptive approaches to becoming customer oriented that are often neglected for the reason that they are not analytical. However, business gurus who have used such descriptive literature have influenced the world of business more than the purely academic scholars, as they tend to see more opportunities than off-putting difficulties. For example, Blanchard et al (2005) believes that business organisations that strive to apply customer satisfaction as their main driving goal for performance have to take into account a number of comprehensive factors learnt from successful companies like Yum in order to have a sustainable impact on both employees and customers. First, there is a need for a managerial commitment to making an everlasting difference in the lives of employees and customers by deciding on the right targets – targets that are deep-rooted in the organisation and are appreciated by external stakeholders, especially customers. Secondly, efforts need to be made to cascade customer values to all levels of the organisation and reward behaviours that create loyal customers as part of the core organisational culture. Thirdly, treating employees the right way should be valued next to customer satisfaction, as dissatisfied staff are unlikely to treat customers as the number one priority of the organisation. Fourthly, firms need to have the right kind of leadership that proactively mentors other staff to work as teams to develop the appropriate strategies for implementing a customer-oriented programme, bearing in mind other priorities that reinforce its success as part of a TQM programme. All these considerations are aimed at making customer responsiveness work and some approaches have important implications for the public sector as well.

To have a representative picture of the challenges associated with customer orientation there is a need to also to review studies that focus on firms that perform poorly in this area. The literature on poor performance by bureaucratic administrations can give insights into the challenges involved in transforming bureaucracies into more customer-focused organisations. It is also important to recognise that despite customer focus being well intended, it can be the victim of poor execution, because of a deficiency in knowledge about the potential challenges associated with its application, especially in the public sector. Attention to such detail in public policy literature is often dismissed as merely descriptive, and yet this attention to detail provides a firm foundation on which analysis and explanation of reform performance can be assessed in an in-depth manner.

#### ***2.4.4 Applying customer orientation in the public sector***

In the public sector, a lack of appropriate situational analysis means that organisational problems are often not well understood, thus triggering irrelevant solutions that lack customer focus (Kohli & Jarwoski, 1990). The initial step in implementing a customer orientation is to identify the weaknesses in an organisation that affect performance, such as being inward-looking and organisation-centred, reactive and insensitive to market demands (Nwankwo, 2010; personal communication). It is therefore important to investigate the factors that facilitate or inhibit customer orientation on a continuous basis, in order to understand the organisational implications for performance. The prerequisite for customer orientation is ‘putting the customer first’ by incorporating user voice and choice in all strategic decision making and implementation.

Designing and delivering a sustainable and convincing customer service in the public sector is not an easy process, and yet it necessarily affects the survival of service organisations. There

are traditional bottlenecks, such as professional dominance and political constraints that need to be overcome. There is scarcity of literature that deals with how to develop a customer orientation generally or through case studies in the public sector ( Neumann, 2001; Ogden & Clarke, 2004; Korunka et al, 2007). The existing literature justifying customer orientation has been found to be scarce and of limited use to practitioners because of its pessimism, emphasising the impossible sometimes at the expense of what is possible. The focus on peripheral or extrinsic factors tend to be emphasised at the expense of intrinsic factors, such as value systems, that enable responsiveness to important stakeholders, especially customers. It is also important to consider the differences between basic performance and extra customer needs in framing satisfactory and therefore responsive services that are resource sensitive.

Hartline et al (2000) argue that it is common for organisations to aim at being customer oriented, with the likely goal of delivering exceptional service quality and creating satisfied and loyal customers. This is because customer-contact employees help to shape what customers perceive as service quality. It is therefore important that the employees who interface with customers stay focused on customers' needs through appropriate motivation. However, there is little research that has addressed how customer orientation is communicated to customer-contact employees to ensure that they correspondingly translate the strategy by aligning themselves with management initiatives. Shared employee values, group socialisation and organisational commitment have been found to be influential in disseminating customer service strategy.

In sum, it is justified from the above section to suggest that the business sector approach has limited validity in the public sector context, as customer focus is based on a purely economic exchange that is of questionable value to government performance. However, clients are

usually mindful of options that dictate their choice of service providers, and if they are not treated as important stakeholders whose voice is heard can develop the capacity to be disruptive of the way things are done.

#### ***2.4.5 Assessing the design and implementation of customer service***

Misunderstanding what customer service means can lead to only superficial changes being made to organisational practices. The problems associated with understanding customer orientation in the public sector seem to be mitigated by analysing the strategies that capture both the business and the public aspects of enhancing responsiveness to both individual and collective user voice (Pollit, 2011; Jung, 2011). Capturing in reforms both individual and common good is, however, not an easy task, as it is bedevilled by possible contradictions that are conceptual as well as practical. Further, assessing the wrong service elements can lead to a wrong customer focus that is likely to lead to wastage of scarce resources (Armistead & Kiely, 2003; Callaham & Gilbert, 2005; Teo et al, 2006; Wagein & Reuthink, 1991; Naff, 2009). Mistaken perceptions about becoming customer focused have necessitated the development of models that enable an audit trail framework that highlights the complex nature of the transformation process, common weaknesses, and actions that can potentially overcome them, such as enhanced stakeholder involvement (Narver & Slater, 1990; Payne & Frow, 2009).

High demand for understanding how customer orientation by different organisations has led to the development of various models that are dominated especially by think tanks, donors and consultancy firms. There is, for instance, a model developed by Nwankwo and Richardson (1994) for delivering a customer-driven focus on elements of (1) definition, (2) sensitivity, (3), measurement, and (4) implementation. This model provides a framework for

tracing both activities that result in more or less customer responsiveness. It also attempts to provide an explanation of the implementation and whether it may be regarded as successful, fair or a failure, although not necessarily in absolute terms as there are always constraints. The model argues for being sensitive and proactive to customer preferences as an obligation that applies all the time, not just as a last resort. The weaknesses of this model includes a lack of focus on how suitable they are specifically for a public sector setting, and these weaknesses can only be resolved through further empirical research.

In response to the above concern, Chen et al (2004) developed a customer-oriented service model for the public sector that would address the deficiency caused by previous studies having been mainly restricted to the private sector. Like the above, it also emphasises service design, as well as taking into account management service systems, in developing customer responsiveness in the public sector. The authors propose a customer-oriented service enhancement system (COSES) for public service delivery which employs two dimensions: design and management of a customer-responsive system; and fostering of an organisational service culture. The model empirically examined the specific types of service activities that can be useful in designing and implementing an appropriate service delivery programme. In accordance with this, the COSES model offers a measurement scale that includes the following. First, the main consideration is customer identification, where the public agency is aware of different customers, has classified customers into different categories, and has learned about organizational operations and public and service practice from other excellent business or public agencies. Second, a customer-needs survey in the public agency helps to take into account the environmental change in strategic planning. Third, there is a need to recognise that different groups of customers who have different needs are surveyed and satisfaction results analysed comprehensively for incorporation into decision-making

processes. Fourth, the designed service items need to match customers' needs. Fifth, the public agency has to set service standards to fit customers' needs. Sixth, there is a need to have a service quality audit system and to conduct an audit periodically. Seventh, a strong emphasis of employee training and an effective incentive system are required to motivate employees so they become willing to help customers and deliver on the latter's demands. Eighth, there is a need for a cross-functional culture of cooperation which uses ICTs, and also teamwork, responsibility sharing and information, to deliver services. Ninth, in addressing service recovery, the agency must put customers' benefit first instead of just taking into account the convenience of their own operations, always maintaining accessible communication channels and standard procedures for customers' complaints.

The models that are discussed above point to important aspects of assessing customer orientation that have been adopted in different organisations that have been subjected to continuous review and improvement (Pollit, 2011). Generally, the models developed above are of limited value as they refer only to the activities that constitute the implementation process, without having due regard to which actors need to be involved at each stage, and when and how customers themselves may be involved in evaluating the innovation outcomes from their own perspectives. The measures that include actual responsiveness to voice are often ignored because of focus on hierarchical controls without considering the impact on user satisfaction and loyalty as subsequently analysed in section 2.5 of this chapter. However, business and public firms have gone beyond the goal of customer satisfaction to include customer loyalty, retention and collaboration in identifying both collective and individual preferences.

#### ***2.4.6 Critique of applying customer orientation in the public sector***

Even well-established private sector world-class companies are striving to see how best they can deliver ideal customer service, and the implication of this for the public sector is that providing faultless service is more challenging than assumed by the early proponents of NPM. The literature that critiques customer orientation often assumes that all public services are essentially the same, and often extreme cases that involve law enforcement, state coercion or restraint of freedoms like policing or imprisonment to selectively used to negate the need for customer focus in the public sector (Flynn, 1997). In the public management literature, it has been argued that establishing strong linkages between customers and providers presents a paradox for public organisations as issues of ethics can arise (Danneels, 2003). The question to be answered states: “What is the behavioural and cognitive process by which a firm establishes close links with customers and how can this process be both beneficial and detrimental?” (ibid. p.559). There is a possibility that increased commitment to customers can create a restricted vision that can potentially undermine overall organisational performance and attention to social responsibility.

Most companies have recognised in theory the value of bringing the customer close to the organisation by integrating their values in operations, regardless of the fears expressed above. This can be done by researching how to please customers through responding to preferences expressed in customer surveys, defining quality from the customer’s point of view and making efforts to build continuous relationships (Narver & Slater, 1990; Jacobs & Suckling, 2007; Thauru & Thauru, 2003, Gutek, 1995; Hams et al 2005). However, some commentators warn of customer tyranny leading to missing long-term goals of being flexible and open to opportunities led by technology and environmental change. As much as the



interface between customers and providers remains very important for an organisation's survival and prosperity, this should not imply being captive to existing powerful customers (Flynn, 1997). However, the findings do not relate to actual NPM reforms and how these reforms, singularly or in combination, have influenced the extent of customer orientation. Therefore the challenges faced in adopting customer-orientation strategies in the public sector need to be continuously studied to take into account the different incentives that motivate public officials to be responsive to their clients (Fountain, 2001; Gaster & Squires, 2003; Gowan et al, 2001; Gowan, 2004; Fryer et al, 2007). However, prioritising the satisfaction of the customer is more limited in scope than the political outcomes of service to the poor and the politically weak; although this is not to argue against frontline staff being responsive, efficient and effective as a way of strengthening reputable outcomes that strengthen public trust, given the rising distrust of political system.

The focus on customer satisfaction is challenged where the intangibility of services, as opposed to products, means it is difficult to differentiate between the service and the provider, for example in the process of delivery, where courtesy and friendliness as moments of truth become ends in themselves (Box, 1999). Service production, delivery and consumption often occur simultaneously without a quality-loop control existing between production and delivery. When customers become co-producers, they provide essential inputs, depending on their ability, and this is related a willingness on the part of the producers' to receive information and apply it that is not guaranteed (Goetz & Gaventa, 2001). Firms exist to satisfy shareholders and not customers, the former aim being a broader strategy that in effect marginalizes customer roles in influencing service processes and outcomes. Customer service is therefore not an end itself but a means to strategic goals (Fountain, 2001). Marketing implies conditioning and creating expectations that are not linked to the real satisfaction of the

customer. Customer influence in the private sector is also constrained by incidences of customers' lack of real power to influence change.

On the positive side, consumer sovereignty is expected to raise levels of service performance and is in line with the democratic goals of serving and helping the public. The citizens' role is re-defined as a consumer who demands and gets administrative responsiveness in direct engagement with providers. However, at the theoretical level, the way citizens are defined as consumers is contestable in public administration, as it focuses on individual preferences and rights as a narrow emphasis that does not consider important societal concerns, thereby weakening political representation and control (Clarke et al, 2007). The application of consumer sovereignty in actual markets or proxy markets in the public sector comes under different contexts and values, with wider policy implications than can initially be envisaged. Strong customer responsiveness requires societies with a strong inclination to apply market solutions to political problems (Schick, 1999; McCourt & Minogue, 2001; Aberbach, & Christensen, 2005).

At the practical level of developing customer orientation, there is the matter of identifying the actual customers, as in the case of law enforcement, where it is difficult to offer total satisfaction and at the same time maintain a favourable level of public opinion. However, some services, like urban water supply, have different delivery and consumption characteristics that tend to make them more amenable to customer orientation. The attempt to develop international benchmarking practices under TQM, such as ISO standards, is observed to be biased towards the manufacturing sector that deals with tangible products that are easily measurable (Fox, 1999, Box, 1999). On further reflection, the hope of achieving some acceptable benchmarks in the public sector may be illusive for some time, given the complex

nature of the contexts, the values and interests that impact on public service delivery arrangements (Batley & Larbi, 2004; O'Flynn, 2007). In the public sector there are continuing tensions between what professionals and policy makers know about what customers basically need, within the available resources, and what users actually prefer, and how they can actually afford to reduce the costs of responsiveness (Greener, 2009). Irrespective of the conceptual problems discussed above, global trends in the adoption of customer service across a range of organisations appear to be gaining a momentum that cannot be stopped under citizen rights that are not easy to quantify, or to measure. The individualisation of public service delivery promises to become the norm rather than the exception, largely driven more by private sector actors than by academia (Schellong, 2004).

The justification for customer orientation and the implications of its implementation as described in both the business and public sector management literature have been examined. As Chen et al (2004) argues;

*“This implies that methods employed in the private sector might not be suited to the public sector, and that the public sector may encounter different challenges in meeting the needs of customer from those encountered in the private enterprise. In particular, fairness and justice are perceived to be the ultimate principles of the public sector. If these perceptions are correct, then further investigation of the concept of “customer orientation” is required in the public sector” ( p.414).*

The understanding conveyed by Chen et al (2004) indirectly suggests a way of overcoming some concerns that are of a public or political nature rather than relating to basic service quality. On a more constrained level, frontline staff can be involved in responding to corporate concerns, and where controversies or resource implications are involved, can refer queries to top management so that they may take timely and appropriate action. By taking into account social responsibility in the pursuit of satisfying customers, the chances of limiting

customer orientation can be reduced though addressing wider stakeholder concerns (Mullin, 2009).

To avoid the manipulative nature of marketing in the private sector, marketing in the public sector could be revised into a brand of patriotic or social marketing of services that would encourage consumption of essentials as opposed to encouraging fashion or luxurious expenditures that are not essential to citizen livelihoods (Carraher et al, 2005; Campbell, 2007). This may imply limiting individual freedoms, but given the limited knowledge available, especially to vulnerable citizens, to make informed decisions, some kind of consumer protection can be a legitimate state responsibility. This can be a way of enhancing social responsibility and therefore increasing overall citizen welfare that saves costs and has the effect of re-allocating scarce resources to provide other essential services that are demanded by the public.

#### ***2.4.7 Section summary***

This section has discussed some of the approaches to designing and implementing customer orientation and the likely implications for the public sector. One important critique of established models is that they are of limited value as they refer only to the activities that constitute the implementation process, without due regard to which actors need to be involved at each stage, and when, and put less emphasis on how customers themselves may be involved in evaluating innovation outcomes from their own perspectives. However, it seems that for some approaches to be appropriate in specific sectors and contexts, more empirical research is necessary, to clarify the potential in specific sector analysis and the strategic importance of stakeholder support. The next section analyses how responsiveness to user

voice can be a way of enhancing customer service in the public sector, with consequences for user satisfaction and loyalty.

## **2.5 Responsiveness to user voice, satisfaction and loyalty as measures of customer service.**

### ***2.5.1 Introduction***

After discussing the implications of customer orientation generally, it is pertinent to establish how this concept has been adopted in the public sector by focusing on responsiveness to user voice, with likely effects on user satisfaction and loyalty. Though it is important to understand these concepts singularly, it makes more sense to understand how they relate to each as a way of measuring the strength of customer orientation, especially from the user perspective that is often neglected. User voice and provider responsiveness are often discussed separately especially in the public policy literature, even though focusing on voice without reference to user satisfaction and loyalty makes little business sense. The analysis of voice and responsiveness captures some of the concerns about realising the goals of customer orientation tailored to the challenges of the public sector that have been discussed in the previous sections. Therefore, this section explains how responsiveness to user voice and satisfaction, and ensuring user loyalty are relevant relationships for explaining the extent to which customer orientation can be realised in public service delivery.

### ***2.5.2 Responsiveness to user voice as measures of customer service***

#### ***Defining user voice and provider responsiveness***

In the public sector, user voice is commonly associated with client complaints, survey feedback, organised protest, political lobbying and the inclusion of varying degrees of user influence in decision-making and the actual provision of services (Goetz & Gaventa, 2001, Rakodi, 2002; Beetles & Haris, 2010). Where choice is limited, due to monopoly, the alternative is for customer voice to trigger provider responsiveness (Hirschman, 1970). Essentially, individual or collective voice is perceived to include the medium and content of the message to the recipient, in order for effective communication to occur and to stimulate attention to some neglected problems. It is now generally accepted that users of services are in a better position to have an informed say on what type of services they need to satisfy their wants (Heyman, 1995; Goetz & Gaventa, 2001). However, having the necessary channels for responsiveness working effectively and the actual motivation of service providers to be responsive amidst multiple accountability relationships in the public sector can be challenging (World Bank, 2003; Caseley, 2006).

Provider responsiveness essentially involves the extent to which providers demonstrate receptivity to service user views by implementing changes in their organisational structures, culture and service delivery patterns to improve service delivery (Goetz & Gaventa, 2001). The need for provider responsiveness to service-users is not new in service delivery, as it dates from the 1960s in the US where consumer movements demanded better treatment as a right. According Schulze and Wirth (1996), scholars from various disciplines have given increasing attention to service responsiveness:

*...its most general connotation of being the capacity of a (collective) actor to satisfy the needs and preferences of those who are dependent upon her/his*

*service within a given set of political goals and decision-making rules... i.e. a consequence of how a service agency performs its tasks...covers the ensemble of all organisational, procedural and professional conditions that ease successful communication and enable effective cooperation between service providers and users” (Ibid.p.8 & 9).*

The above definition is inclusive of the various dimensions in which it has been applied in the social sciences in order to address varied, multidisciplinary points of view, thus pointing to its complexity as a concept for analysing public service delivery and its reforms. In the public sector, responsiveness has its current roots in NPM reforms that emphasise a shift from supply- to demand-driven service delivery. Broadly, responsiveness implies implementing changes to an organisation’s structure, culture and service delivery patterns in order for staff to deliver the products or services that are demanded by the users or beneficiaries (Goetz & Gaventa, 2001; OECD, 2008, Stauss & Seidel, 2004; UNDP, 2008; Stanley et al, 2010; Sirkey & Cotlear, 2008).

### ***Context for the promotion of user voice and provider responsiveness***

Analysing the contextual strategies that are conducive to effective responsiveness to user voice, while also acknowledging and anticipating the obstacles, can potentially provide the means of overcoming the latter. This entails breaking up large bureaucracies while concentrating on the useful “...individual citizen as a consumer of services and seeks to deliver greater value, choice and accountability to the individual citizen....provider responsiveness therefore seeks to empower citizens as individuals, but not as ‘a collectivity’.” (Massey & Pyper, 2005; p.5; Lewis, 2004; King, 2006; Kennedy et al, 2010). However, the emphasis on the individual customer as against the community has been contested as undermining public values and the polity approach to improving public service delivery (Joshi, 2006; Mascio, 2010; Martin & Webb, 2009; Liao, 2008; Liang et al, 2010; Lenri, 2004;). Regardless of concerns raised about the public values of services, the reforms for

modernising government have been accepted as useful and consisting of “...different policy paths with common objectives of making the public sector more responsive, transparent and efficient.” (OECD, 2005; p.3).

Arising from the ongoing reforms, clarifying responsiveness to voice in the public sector raises important questions of responsiveness *to whom, by whom and for what?* For instance, Rose (1999) argues that these questions are not easy to answer. This is because the tension between professional discretion and the need for political representation are still dominant, with little regard for the need to incorporate consumer sovereignty. Yet the reformers vehemently argue that the customer should come first in influencing the way public services are designed and delivered, thus affecting the existing accountability relationships adversely, although the result may eventually be for the better. The traditional preference for professional autonomy and regulatory controls are argued to have constrained the extent of effective provider responsiveness to service consumers (Chambers, 2003). The focus on consumers has also been inhibited by a lack of organisational learning in the public sector, given the bureaucratic dilemmas that constrain entrepreneurial innovation and flexibility. Also, factors that are of a political, social, economic and technical nature tend to affect public services, thereby impacting on their capacity and competency to be ideally responsive to service users.

Essentially, the adoption of NPM reforms puts pressure on service providers to be responsive to clients as citizens, and the real challenge is how greater responsiveness can be achieved. To counter a narrow understanding of responsiveness, there is a need to expand it to include the needs of all stakeholders in the sense of representative democracy. This is in order to balance both short-term client satisfaction and long-term public interest with actual service



outcomes.

### ***Policy strategies for enhancing user voice***

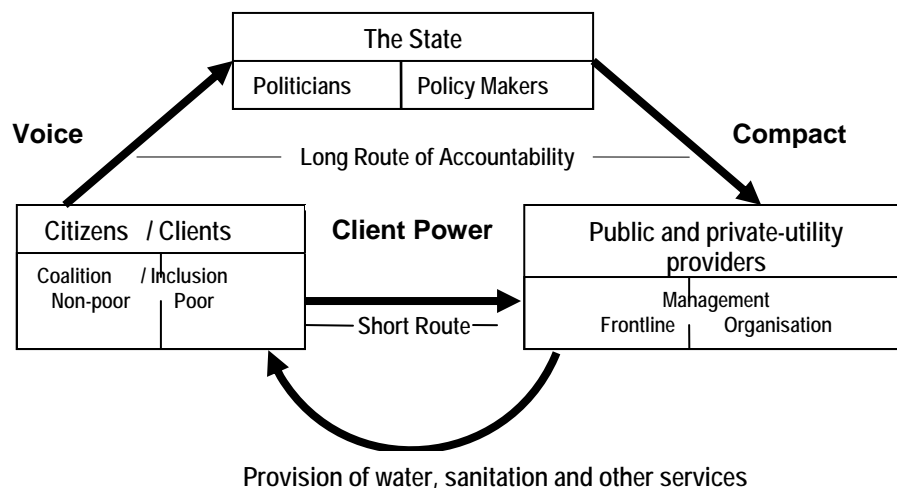
Evidence of whether the intended users actually influence managerial decisions and processes to make them more responsive to users remains scanty in the context of most public services and most countries. To address the gap in research, for example, Goetz and Gaventa (2001) studied efforts to improve the responsiveness of public services to the needs of service users, particularly among the poorest users across the world. The research involved data analysis, through desk-research, of 60 cases of public sector reforms that were intended to create a stronger client focus and civil society voice initiatives in influencing the delivery of services. It was found that client voice and responsiveness were related to characteristics of service design and delivery. These service characteristics include the level of technology involved, the proximity to users, the contextual knowledge of the provider, and the extent to which the service is consumed individually or collectively. The continuity of service use or one-off consumption relationship also determines the strength of the interface relationship between user and provider. However, desk studies such as this one have serious constraints, such as being divorced from the changing reality on the ground and also not being able to authenticate the data sources and the quality of information used for analysis.

Goetz and Gaventa further established that differences in voice and responsiveness could be explained by client characteristics, the social status of clients, and the geographic proximity and duration of service relationships. They further suggest that, for increased citizen engagement via consultation to be effective in influencing public providers, there must be guaranteed citizen rights to enhance meaningful participation. This includes rights for citizens to seek information about government policies and also seek redress through appropriate

complaint management systems. The service providers also need the autonomy and mandate to engage with citizen groups while demonstrating recognition of the service rights and obligations of each party such as are spelt out in citizen or customer charters (see also Drewry, 2005; Hickey & Morgan, 2004; Chambers, 2003; World Bank, 2003, Rakodi, 2002).

Perhaps the most popular policy framework for developing citizen responsive services is that produced by the World Bank (2003). This suggested that *‘to help understand the variety of empowerment with traditional and alternative service delivery arrangements, the service delivery chain can be unbundled into three sets of actors and the relationship between them examined’* (ibid.: 6). The three sets of actors include policymakers, service providers and users, whose stakes in service delivery tend to vary. There is traditional long-route accountability, whereby clients as citizens influence policy-makers, who in turn oblige providers, whose effectiveness has largely been questioned. When the relationships along this long-route accountability break down, service delivery fails and human development outcomes remain inadequate, especially for the poor. To address this problem, Figure 2.1 below illustrates what the World Bank proposed as a more viable accountability chain – one that demonstrates possible linkages between policy-makers, service-users and providers:

**Figure 2.1 World Bank Accountability Framework in service delivery**



**Source: World Bank (2003. p. 49)**

Figure 2.1 illustrates how the different actors in the service delivery networks, including ‘clients and citizens, politicians and policy-makers and service providers’ need to hold each other accountable through both formal and informal alliances. The four relationships are defined as: **client power**, which connects service-users with providers; **voice**, which connects citizens with politicians and policy makers through political process; **compacts**, which connect policy-makers through implicit or explicit contracts with providers responsible for services; and **management**, which connects provider organisations with frontline actors and service-users.

The World Bank argues that service delivery failures result when any of the above relationships break down, which is often the case, as indicated by various research findings, especially in the case of developing countries. For example, service interruptions may occur when citizens are unable to influence public action through the long route of accountability (break on the left side of the framework), when there is non-payment of salaries to service providers (break on the right side of the framework) or when there are difficulties in implementing services, such as poorly trained or absent frontline providers, part of the short route of accountability (break on the base of the framework). The foregoing analysis is used by Commins (2007) to illustrate the strengths and weaknesses of voice interventions in service delivery globally, based on examples of project interventions rather than institutionalised service delivery. Ongoing service delivery reforms therefore need to strengthen accountability relationships so that service providers become more directly responsive and accountable to service users. However, the above framework has been difficult to apply in the public utilities that have been largely unresponsive to client power, thus contributing to the weakening of short-route accountability. Nor has the application of citizen voice through long-route accountability operated better in the past, because there has

been political patronage and therefore slow uptake of customer responsive reforms (Karuri-Sebina et al, 2010).

### ***User voice channels***

To ease the interface between users to providers there is a need for voice channels to exist in different organisational settings; and they can also be used as mechanisms for demonstrating responsiveness to voice. Through these channels, public agencies can be pressurised to offer high-quality services that are beneficial to service users. Direct citizen voice can be exercised through mechanisms such as public meetings (hearings), verbal complaints, customer surveys and provider/user focus group interviews (Smith, 2005). The list of user voice channels cannot be exhaustively described in a limited piece of research, but evidence of their application can be found in the studies conducted by the Institute of Development Studies of Sussex University (Joshi, 2008) and the World Bank (2003; 2008). However, it is important to explain the general trend that has attempted to promote user voice and involvement in public service delivery.

For instance, Cornwall and Gaventa (2001) argue that, given the past record of inefficient and poor service delivery, there is a need to involve ordinary people in shaping social policies and designing appropriate supply arrangements. These researchers further examined four approaches to citizen participation that included:

*(a) those [approaches] in which beneficiaries of social services are consulted as users or consumers, (b) those [approaches] that have emphasised self-provisioning through civil society, (c) social and advocacy movements through which citizens have advocated for social provisioning from the state, as a social right, and, (d) lastly, accountability approaches which emphasise new relationships between service providers and citizens through their active participation in processes of democratic governance (ibid.: 1).*

All the above approaches have their strengths and weaknesses (Commins, 2007).

### *User committees*

Cornwall and Gaventa (2001) identified user committees as channels for voice, which have several implications for the citizen's perceptions of policy formulation and implementation at both the micro and macro levels of service delivery. One of the advantages established for effective user committees was that they ensure fair processes, better decisions, and fulfilment and understanding of the needs of end-users. Secondly, where user committees reflect institutional participation, there are enhanced opportunities for improved assessment of needs and service responsiveness. However, there may be instances where user committees are set up as proxies to legitimise pre-determined provider decisions. There is also a potential threat that the demands of user committees are not justified within the resources available to the providers. The effectiveness of user committees may be subject to political interference and corruption. Irrespective of these potential shortcomings, user committees, if well respected by service providers, are very effective channels for user voice.

The case of the Bamako initiative (World Bank, 2003) is a good illustration of a trend that emphasises user participation in service delivery. The first evidence from this initiative illustrates how communities are able to influence local health services. Secondly, the funds generated through communities also revert to the benefit of the communities themselves and not to central control. This has implications for the balance of power between service-providers and users as a new form of good governance. Thirdly, the voices of the service-users tend to count more, with increased transparency and reduced leakages. This ensures participation by the community in decision-making and allocation of resources. For instance, the poor became well organised and more vocal in demanding improved effectiveness and financial viability of services as they were motivated and empowered to contribute to

decision-making (World Bank, 2003).

### ***Community committees***

Community committees are usually constituted largely as pressure groups within localities for attaining particular social, economic and political objectives (Grosschalk & Hatter, 1996; Gray, 2007; Glassby & Beresford, 2006). They may be formal, such as local committees or civil society groups based on humanitarian, gender or religious affiliations. These are usually constituted to address particular community problems collectively. As pressure groups, they prevail on service-providers to listen to their voice or else risk losing their loyalty. However, where state power is over-centralised, the effect they have on policy formulation and implementation may be marginal. They may not have resources that are adequate to influence service delivery arrangements. When the committees address sensitive issues that imply discontent, they are sometimes neutralised by oppressive state machinery. Ideally, collective initiative that is community based carries more political clout than the individual user voice that is more effective in a business environment.

### ***Public consultative meetings***

Public consultative meetings at community or national level are usually organised as stakeholder consultative and participatory forums to provide citizens with the opportunity to voice their concerns. When states provide information on social services and resources available, their citizens can evaluate whether the money used to implement programmes intended to benefit them by realising value for money. However, for the consultative process to be effective, service providers and policy makers must have enough incentive to let citizens know their rights and effectively engage in participating in the political process. Adams (2004) differentiates public meetings from public hearings, although they both have the same

intentions, with the latter sometimes being subject more to rhetoric than to meaningful engagement (see also Hickey & Mohan, 2004; Chambers, 2003; Nayaran et al, 2000; Hero & Tobert, 2004; Homburg et al, 2009).

### ***Public hearings***

In public hearings, powerful individuals may dominate the deliberations, to the disadvantage of the vulnerable. To address these valid concerns that affect public hearings, public meetings are instead used to harness citizen scrutiny of public policy. This is in order to encourage multiple voices, as a precondition for promoting consensus on what service should be delivered, how, when, where and for whom (Rose, 1999). This calls for an ultimate focus on benefits to individuals or communities as a way of safeguarding public values and ethics in service delivery. In this sense, public hearings promote good governance mechanisms through deliberation on policies by taking into account collective and individual choices that drive the need for reforms in service delivery.

### ***Civil society initiatives***

Civil society initiatives such as Non-Governmental Organisations (NGOs), Community Based Organisations (CBOs) and religious organisations are usually organised on philanthropic grounds. Civil society initiatives have often been directed at bridging the user voice gap where governments fail to deliver or improve services based on direct citizens relationships with the state. The recent literature recognises the potential for this voice alternative as the third sector influence and participation in service delivery reforms (Batley & McLaughlin, 2010). However, in some cases the philanthropic intentions of civil society initiative are hardly achievable because the dominant actors tend to serve their own interests. The funding available to civil society initiatives is usually conditional and may not be targeted at

immediate or changing needs. In some cases, weak governments have looked at civil society initiatives suspiciously. These initiatives are not always able to bridge the gap that they are supposed to address, due to various constraints. Regardless of these shortcomings, in most successful societies, civil society movements have played a great role in service delivery.

### ***Customer surveys***

Another important approach to getting user feedback is through surveys. Customer surveys may be taken either through the use of questionnaires or through interviews in order to gain opinions and attitudes towards service delivery (Caemmerer & Wilson, 2008). Surveys can be taken using the telephone, focus groups, face-to-face customer interviews, and observation of customer reactions to service delivery and considering the implications of the actual consumption process.

### ***Report cards***

Report cards have been established as potentially valuable in enabling public feedback that enhances signalling to service providers about their performance and stimulates them to respond to people's demands. The report card ultimately focuses on corruption, a phenomenon that is difficult to pinpoint. However, the givers of bribes can identify who is involved in a more credible manner, with greater specificity and greater scrutiny. The report cards give a platform to organised groups on which they may seek reform and demand greater accountability and responsiveness (Goetz & Gaventa, 2001; World Bank, 2003).

Further, report cards generate feedback, encourage pro-activity in demanding responsiveness, and serve as a diagnostic tool, enabling comparisons, pinpointing areas of stress, calling for efficient and effective systems to redress grievances, and enabling the estimation of hidden



costs to citizens. Therefore the service costs can be crosschecked, errors can be revealed and increased response rates can be produced by refining questionnaires. The method can be used to evaluate service provision through random sampling by addressing weak processes that lead to poor service and therefore dissatisfaction, calling for advisory and advocacy intervention which leads to demand for improvement and mobilising stakeholders to have a high level impact on service performance. By completing the feedback loop, report cards act as a proxy for political responsiveness, a credible tool for action and provide effective benchmarks. Accessibility, effectiveness and responsiveness are popular concepts, and participation in the development process and the report card system is a potential strategy for realising these objectives.

The relevance of user voice channels matters when they go beyond mere information generation to a more inclusive involvement and, where possible, to collaboration and co-production in improving service delivery. User involvement needs to lead to empowerment, where user expectations that they should participate are demonstrated as a service philosophy, culture and working practice. The strategies and channels for ensuring provider responsiveness are diverse, and in most cases coincide with those for enhancing user voice. This is because the same channels used for raising queries or voice can be used to respond to specific complaints, pending remedial action where necessary and possible. Some of the important policy strategies that facilitate producer responsiveness to user voice are discussed in the sub-sections below.

#### ***Voice channels suggested by Osborne and Gaebler (1993)***

Furthermore, according to Osborne and Gaebler (1993), who the leading proponents of NPM, there are a number of channels which enable managers to listen to the voice of service-users.

However, the efficacy of their application in different sectors and environments is still being investigated within the contexts of specific sectors and countries, including taking into account states' capacity to facilitate or implement the reforms in the public sector that are being debated (Ohemeng, 2010).

In order to demonstrate some basic appreciation of the variety of the specific mechanisms for voice largely borrowed from the private sector, as suggested by Osborne and Gaebler (1993), a summary as follows is considered to suffice. Customer surveys may be either through the use of questionnaires or the use of interviews to gain customers' opinions and attitudes towards service delivery. These have already been discussed in detail in this chapter. Community surveys involve getting information about service delivery from either individuals or their political representatives. Customer contact reports are formal complaints about the type of service delivery that is provided. Focus group discussions involve the provider meeting a small group of customers to gain a consensus on their views about service delivery. Service electronic mailing includes SMS messages, websites, email and distribution of software on service delivery. Service test marketing involves distributing samples for promotional purposes and also getting feedback from the customers on whether the service is appropriate or not. Customer inspections are visits to households intended to find out more about the customers' satisfaction levels with the service and possibly address any maintenance requirements.

A complaint tracking system involves the computerisation of data on the frequency of complaints and the feedback given to customers. Suggestion boxes are placed in easily accessible areas for customers to anonymously voice their concerns to management. Customer interviews can be by telephone or face-to-face discussion about the nature of the

service provided. Customer service training can be through the distribution of pamphlets, company newsletters and the use of the media to inform users about how best to gain value from the service. Quality guarantees involve setting benchmarks for best practices and communicating them to the public, for example through citizen charters.

Ombudsmen are government appointees who are supposed to safeguard public interest by listening to complaints raised by service users. Free phone numbers are now a common arrangement to facilitate the interface between service user and provider. Customer follow-up involves feedback on whether customers are satisfied with the intervention made as a result of their complaints. Customer contact includes communicating to the customer either personally or through formal interaction on how services can be accessed. Customer councils are similar to user committees where citizens are organised on a semi-permanent basis to provide views on how services can be well managed. Customer reporting involves filling in forms that are used to provide data on the effectiveness of services delivery.

In summary, the channels for responsiveness to user voice discussed above also have varying degrees of success, depending on the context of and type of services being addressed. While some channels favour individual user voice, others favour community voice in influencing service provision improvement. The established channels for voice tend to work better in the context of developed countries where institutionalisation of democratic values in delivery of services is more legitimised and sustained. In regard to user voice, the channels addressed are not exhaustive and therefore require further research to establish whether they actually influence improvement of service delivery.

### ***Steps in ensuring provider responsiveness***

Public sector reforms aimed at enhancing responsiveness need to take into account the setting of standards, so that clients expect an appropriate level of service performance. This entails taking on board the benchmarking of best practices that define clear procedures and service quality standards. These in turn require follow-up with a commitment to ensure that the users' views are taken into account. Established benchmarks can be used by service users to assess the performance of service-providers through feedback. For instance, citizens' charters and school league tables in the UK exemplify this phenomenon that offer lessons for appropriate service delivery and implications for policy (Pollit, 2003). The use of citizens' charters plays a major role in opening up public service to the scrutiny of users, as in the UK where their application is the norm rather than the exception. Citizen report cards complement charters, as in Bangalore, India and the Philippines, where they are used to assemble views on how customers' concerns are actually addressed (World Bank, 2003).

### ***Consultation of service users in deciding actual policy priorities***

Some countries, such as Rwanda, South Africa and India, have instituted consultation of service users as a way of deciding policy priorities that help in determining generally acceptable service standards (Commins, 2007). The past poor performance of state-provided services has contributed to the legitimacy of consultation with citizens on their preferences aimed at improving service delivery. The case of the Participatory Poverty Assessment (PPA) programme in Uganda focuses on consulting people on their views about perceptions of poverty and their priorities for reducing it. The programme has been used to assess the extent to which services are actually delivered and accessed by the intended beneficiaries at both the local and central Government levels. This approach has led to publication of the resources available for service delivery. For example, the Government regularly publishes details of the

Universal Primary Education (UPE) funds allocated to the Education Sector. This has enhanced vertical accountability in monitoring resource use by the beneficiaries. Recent literature has suggested going beyond consultation to collaboration and co-service design that seems to be more ambitious for the public sector (Vigoda-Gadot & Cohen, 2004; Brandwell & Marr, 2008).

### ***Participatory budgeting***

An important example of ensuring responsiveness is participatory budgeting in Brazil, which has enabled citizens to engage directly in municipal fiscal planning through an elaborate consultation and negotiation process (De Souce Santos, 1998, cited in Cornwall and Gaventa, 2001). In relation to accountability through citizens' monitoring and evaluation, there can be sophisticated roles service-users can play in developing indicators of effective service delivery. The cases reviewed include participatory monitoring in the Philippines and Colombia's Association of Indigenous Councils. Furthermore, the cases addressed by Goetz and Jenkins (2005) indicate that in Rajashar, India, demands for a right to information have increased levels of transparency and therefore accountability in service delivery. Similarly, in Bangalore, India, report cards have proved useful in monitoring service delivery (World Bank, 2003).

### ***Citizen charters***

According to Drewry, (2005b) citizen charters can be viewed as mechanisms for enabling providers to demonstrate responsiveness to user demands made collectively and at the same time guarantee responses to individual concerns. From the perspective of users, citizen charters (CCs) provide a communication and consultation channel through which provider obligations are known and responded to. They can help establish a new service culture as a

planning tool that meets users' expectations, needs and demands. The CCs help to ensure a management and employee focus on customer outcomes. Charters further promote collaborative partnership between service providers and clients, thus narrowing social accountability gaps that may have caused user demands to be neglected (World Bank, 2003). They also provide benchmarks for performance evaluation based on citizen-centred perspectives but at the same time taking into account policy and provider limitations. As a feedback mechanism, charters improve public awareness of organisational roles that were traditionally not explicit, thus enhancing transparency and accountability in service delivery. However, although CCs are well intended, they have some shortcomings in practice, as spelt out below:

- they do not receive wide publicity to both existing and prospective service users;
- they are usually framed without participation of the clients;
- the language used is technical and not user friendly;
- the CCs state the ideal situations that do not take into account resource constraints;
- their implementation is hardly monitored and evaluated by service users;
- the organisation cultures do not change rapidly to accommodate new objectives , and
- lastly, they are characterised by lack of capacity to implement them.

They draw relevant lessons from standard consumer protection principles and customer-sensitive governance that reflect actual developmental needs other than those that are mainly provider determined (Drewry, 2005a; 2005b; Zeratisation, 2000; Ayeni, 2001; Ohemeng, 2010).

### ***Barriers to user voice***

In spite of the benefits of user voice in influencing service delivery, there are also obstacles that need to be further examined and possible remedies suggested. For example, there is a tendency for government and development partners to encourage user voice without providing an enabling environment (Brown et al, 2008; Chambers, 2003; Hickey & Mohan, 2004). User survey findings are rarely disseminated, leading to doubts as to whether their input is used in actual decision-making. Smith, (2005) observes that obstacles range along a continuum: merely informed; views listened to; views taken into account; participation used to justify policy interventions; and actually being involved in the design and delivery of services.

Professionals, on the basis of their superior knowledge and positions in society, have the autonomy to decide whether or not to cooperate with clients. They may recognise client voice to avoid accountability for policy failure. Users may prefer not to participate, or even to be consulted, where they have this option, particularly if involvement encroaches on their scarce time without any assurance that the likely benefits will outweigh the inconvenience, the low expectations, the possibility of being co-opted as a convenience, the reinforcement of users' sense of inferiority, a preference for professional solutions, and the fact that participation may be seen as leading to delays in decision-making. Material deprivation and cultural submissiveness of local people due discrimination based on gender or caste can be obstacles to involvement (Joshi, 2006). Fear of those in power can also be a problem, as may be a lack of genuine state efforts to encourage participation. There could be more participation at the implementation stage and less at the policy formulation, monitoring and evaluation stages; and participation of the poor takes time to take root. Types of participation include representation on managing bodies, consultation, action groups and co-managing public

services, i.e. user groups, and avoiding manipulation, tokenism and rhetoric (Chambers, 2003; Greener, 2007).

Professional provider traditions do inhibit user consultations where the providers assume that they have superior knowledge, or should be consulted at the expense of the service-users, whom they assume to be over-demanding and ignorant, especially in developing countries. The frontline staff may not be innovative, as they are not the actual decision makers. This calls for the frontline staff to be motivated and empowered to be responsive to the real needs of service-users.

There is often more than one consumer group and needs may tend to conflict or even confuse service providers when it comes to what constitutes a priority for change in public service delivery. This situation may be complicated by a lack of consistency on how consumers articulate their requirements and the quality of information available to them to make informed decisions and make appropriate choices on what service is needed (World Bank, 2003).

There are further potential problems associated with user voice. Firstly, it is possible for user participation to be abused as a way of legitimising pre-conceived and untested policies. As Chambers (2003) argues that there is increasing social exclusion of marginalised groups. Secondly, participation could be viewed as mere interest-group articulation, as an end in itself. Thirdly, there is a tendency for consultation fatigue (Nayaran, 1996). Fourthly, service providers can use consultation negatively to legitimise their own employment advantages. Whether these obstacles prevail depends on the state's role in creating the necessary spaces for participation. The question is ultimately whose reality and voice influences changes



including what counts as a reality (Blackburn & Holland, 1998 a & b; Chambers, 2003; Wilson, 2009)

In some cases, policy making is influenced by dominant stakeholders, which necessarily leads to the exclusion of marginalised groups. Policy-makers in most cases want to acquire information that they can use opportunistically to enhance their own short-term political interests. Where those who are charged with implementation, especially at a bureaucratic level, have a good deal of discretion and this does not guarantee effective implementation of policies to the advantage of the intended beneficiaries.

Governments also tend to over rely on experts rather than the everyday experiences of users (Estrella et al, 2000; Heyman, 1995; Kemshall & Littlechild, 2000). More barriers to user voice innovations (Smith, 2005; p.10) include:

- conflicting policy imperatives for public authorities;
- poorly executed participation programmes;
- lack of dedicated resources for participation;
- a lack of clarity about the aims of participation;
- a lack of creativity and imagination in designing engagement strategies;
- organizations and professional resistance to participation;
- a tendency towards incorporation of citizens into official and bureaucratic ways of working;
- lack of cultural change in public authorities;
- a tendency to engage ‘natural joiners’;
- often no incentives for citizens to participate;
- lack of awareness of opportunities to participate; and

- lack of trust in authorities or fear of difference.

To overcome some of these barriers, the recommendations for wide application of community participation innovations include;

- public authorities be given the freedom to access resources for implementation;
- cultural change be embedded in the political system;
- independent monitors to fairly engage in service delivery;
- dedicate resources for participation; and
- encouragement to be creative and imaginative.

Overall, the limitations affecting user voice include a concern that the ideals of citizenship are overwhelmed by increased power differentiation and the dominance of professionals, sometimes to the extent that the latter are hostile to citizen participation. Consumer vigilance frameworks may be hijacked by elites, with the attendant exclusion of poor service-users as well as of other citizens who, as taxpayers, demand services. There is also a tendency towards dominance by upper- and middle-class interests, against the lower classes and the poor, without appropriate policies to correct the imbalances. The need to identify the consumer, using clientele models, and decide whether his representation is adequate is still a daunting task.

### ***Constraints on provider responsiveness***

There are several obstacles to provider responsiveness in service delivery, and these can be categorised into socio-cultural, economic, political, managerial and institutional. Socio-cultural barriers include existing attitudes towards corruption by provider staff in service delivery, as well as political contexts and constitutional rights that do not tend to empower citizen to protest about bad practice in service delivery. There are also institutional barriers,

including excessive confidentiality and secretive management of public services that curtail openness to public scrutiny, as pointed out by Goetz and Jenkins (2006). For example, user voice may not be recognised, thus limiting provider responsiveness, because citizens do not have the economic power to exercise their ability to make service choices. This can be complicated further when one considers the levels of social exclusion of the poor which do not permit them to prevail over providers and ensure that their interests are better served.

There are also instances where established mechanisms for user consultation cannot be effectively utilised, due to professional dominance and negative political interference. Other factors that inhibit the effectiveness and user-friendliness of service-providers include lack of well-conceptualised expectations about service quality standards, perhaps resulting from past apathy. There can indeed be only limited information on user views.

In the management of public utilities, the executive directors tend to emphasise technical and political considerations rather than social objectives, and this tends to marginalise the poor. The representatives of these people tend to lack the necessary motivation for effective participation, perhaps because of the perception that levels of service are predetermined. There can also be a failure to perceive that service-users value their time and would like to participate, but only where their role directly benefits them and their community at large.

The notion of maximum feasible participation for disadvantaged groups is often challenged, as it is seen as not practically possible to represent all interests at the same time, given existing dominant power relations in service delivery arrangements (Goetz & Jenkins, 2005). It can also be true that a certain balance between consumers and providers is driven by the

assumption that the former group has the weaker representation in terms of effective power in relation to conflicting and dominant political interests.

Consumer representation, as part of good governance, is supposed to generate some degree of responsiveness and accountability to consumers by planners and providers. However, the notion of the consumer's obligation to participate is less well defined in the traditional institutional and organisational arrangements that still dominate the public sector. Top-down policy management that ignores input from the bottom has negative consequences for providers, who do not get enough data upon which to make informed decisions. Further, once governing boards are elected or selected, decisions on whose interests are effectively represented tend to remain with individual board members, in some cases with little reference to general public interest (Wills, 2005).

The other concern is that public service providers tend to act erratically because of lack of good information about common user needs and demands, and because they are constrained by regulations to act within their organisational silos (Thomson, 2000). It has also been established that citizen-led initiatives are sometimes prompted by service-providers directly or indirectly being subject to existing jurisdictions and institutions of accountability that leave little room for flexibility to be responsive to individual service users (Goetz & Jenkins, 2006).

There is also a tendency towards a lack of openness that inhibits appropriate feedback and provision of necessary solutions due to bad customer behaviours (Fisk et al, 2010). There are also cases where there is no clarity about whether provider responsiveness in service delivery includes 'who is accountable to whom and for what' in real terms of actual services being delivered as part of tangible change (Rhodes, 1997; p. 54). There may be no effective and

Careful organisational designs of service delivery systems that are tailored to accommodate responsiveness in a process of continuous dialogue among broad groups of stakeholders. This requires understanding of demand-side factors, together with supply-side factors of motivation, as suggested by Simmons et al (2005). The other possible factors for non-responsiveness include organisational instability, location, established bureaucratic practices, levels of internal support, and weak and ambiguous information exchanges with public providers (Chambers, 2003; Goetz & Gaventa, 2001).

The application of strategies for implanting customer responsiveness and specifically applying user voice and provider responsiveness through information-sharing channels, bearing in mind the satisfaction of beneficiaries of the service, promises some advantages. As a way out of some of the above constraints, Bostrom (2005) further suggests that:

*It is not sufficient just to listen to and include ever more groups. Inclusiveness does not spontaneously and automatically lead to perfect accountability and responsiveness. Open processes and voluntary participation do not necessarily lead to real influence, to board representations (p.22).*

To learn from the business literature, the suggestion that achieving customer orientation is always an ongoing process for continuous improvement, which should be linked holistically to other comprehensive NPM changes, appears plausible and worth establishing in the public sector. Blanchard et al (2005) state that achieving customer orientation is essentially about settling on the right vision and target, treating customers and staff properly and, most importantly, having the right leadership at all levels of the organisation to ensure that effectiveness, economy and efficiency are prioritised in all operations including interaction with the customer.

Chen et al (2004) propose that leadership and teamwork involve the development of good

action plans and of the celebration of success rather than merely being critical of failure. The literature is not short of prescriptions as to what should be done, but coming to terms with the intricacies of what and how to achieve meaningful change in particular situations always remains the essential problem for any kind of reform, including customer orientation. The literature from public policy argues that the different implication for customer service in the public sector can be overcome by analysis of responsiveness to user voice that captures the politics of service delivery and enriches existing analytical approaches mainly borrowed from the business literature (Bryer, 2006).

#### ***Sub-section summary***

In sum, strategies for enhancing voice and responsiveness need to reinforce each other to stimulate the appropriate feedback that can actually inform decisions that improve service delivery in favour of service users. Responsiveness to user voice is expected to generate increased user satisfaction, and therefore loyalty, as possible measures of customer focus. The next sub-section reviews the literature on the concepts of user satisfaction and loyalty as potential measures of how customer responsiveness can impact on users.

### ***2.5.3 User satisfaction and loyalty as performance measures from user perspective***

#### ***Introduction***

Since reforms are meant to satisfy customers, it is assumed that applying responsiveness to user-voice strategy will generate increased user satisfaction and therefore loyalty as service measures from the user perspective. The previous section discussed provider responsiveness to user voice. This sub-section discusses how user satisfaction and loyalty relate to responsiveness to voice as measures of customer orientation. Robinson & Etherington (2006)

analysed the link between service quality, customer satisfaction and loyalty by identifying the latter as most important to business success. They used a framework that captures customer satisfaction and loyalty and found out that service quality, customer satisfaction, and behavioural intention (action loyalty) are highly connected. Similarly, Helgesen, (2006) investigated whether loyal customers contribute to profit as a result of their satisfaction with services, and found a positive relationship between the two.

### ***User satisfaction and loyalty as measures of customer responsiveness***

Customer satisfaction has been defined in different ways, and these include fulfilment of expectations, ease of service access, affordability, and meeting service needs and the appropriateness of encounters in provider-user relationships. (John & Dowding, 2008) Cumulative satisfaction is as important as transaction-specific satisfaction in the long-run. Well defined expectations that are representative of a variety of customers are difficult to come by and this lack may be the cause of poor valuing of public services. According to Rahman (2004), in considering a linear relationship between service quality and user satisfaction it is assumed the latter varies according to variations in service quality, which is not true in cases where basic performance and existing needs influence satisfaction differently, as was discussed earlier, in section 2.4 of this chapter.

Customer loyalty is also assumed to be positively related to the level of customer experience. The link between service quality, user satisfaction, loyalty and profitability is perceived to be so self evident that the relationship often is taken for granted ( Zeithmal et al, 1999; Robinson & Etherington, 2006; Andreassen, 1994; Kohli & Jaworski, 1990; Kumar & Shar, 2004; Lemon & Bolton, 1999, Mann, 1993). Nevertheless, only a few studies have examined this fundamental relationship in the public sector. Here the focus is on the individual customer

with respect to the links between user satisfaction, (action) loyalty and profitability. The following hypotheses have been tested by Helgesen (2006): The more satisfied a customer tends to be, the higher is the loyalty of the customer: the more loyal a customer tends to be, the higher customer profitability is obtained. As expected, the results found strong support for the hypotheses. However, the relationships between the variables seem to be non-linear (increasingly downward sloping), and only valid beyond certain threshold levels. Besides, the explanatory powers of the individual variables are rather low.

Further, Helgesen (2006) argues that the relationships between user satisfaction, loyalty, profitability, retention, reputation, image, and willingness to pay have been empirically tested with mostly positive results. This has to assume that the relationships are obvious, without any need to take account of changing user perspectives that are more unpredictable than technically anticipated. For example, customers often involve themselves in health-threatening and unethical consumption activities, just because of sophisticated marketing and the freedoms associated with choice where regulation is weak. Some commentators perceive user loyalty to be the ultimate dependant variable because of its value as a proxy for profitability from the behavioural perspective (Thompson, 2000). However, there are also critical incidents that can suddenly stress the loyalty link so much that relying on it becomes questionable where proliferation of services is now common. The customer satisfaction index typically consist of latent variables such as customer satisfaction, perceived quality, perceived value and customer complaints which can imply a messy relationship in a typical cross sectional study.

There are various ways of recognising why customers tend to be dissatisfied including their negative behaviours such as being over demanding and dishonest in their dealings with



service providers (Robert- Phelps, 1998; Staus & Seidel, 2004; Patterson & Baron, 2010). However, the solution is not to blame the customers but manage those behaviours so that they comply with those of providers as part of the management responsibility. Customer satisfaction may be perceived and measured in different ways (Zeithmal et al 1999; Parasuraman, 1987). For instance it can be measured by acknowledging fulfilment of expectations, or being standard, or in comparison to other services. It has been suggested that is important to measure customer satisfaction as a continuous variable as customers may be satisfied today and dissatisfied later, for various and unpredictable reasons (see also Bellou, 2007; Bruner, 2006).

It has also been demonstrated in various studies that the customer relationship orientation is based on conceptions about cause and effect links between the following main variables of (1) antecedents of customer satisfaction that include responsiveness to voice and background variables of service users and providers (2) perceived customer satisfaction (individual, incidental and overall) (3) customer loyalty and (4) customer profitability (or revenue enhancement in the public sector). Whatever distorts or strengthens loyalty relationships is the real arbiter or measure of likely business success. This includes the waiting time to get feedback and actual improvement and delivery (Bielen & Demoulin, 2007). Brunner et al, (2008) argue that customer satisfaction and image are one of the important factors for service organisation because of their assumed impact on loyalty. Research in these areas has focused on these factors individually rather than simultaneously, even neglecting service quality measures relevant to the public sector. For experienced and loyal customers, the importance of transaction satisfaction reduces over time because their accumulated satisfaction takes precedence, ultimately determining their relationship with service providers.

Generally, user satisfaction and loyalty are established concepts in general services that are used to compare service brands, as subjectively perceived by service users, and they can only be weighted by averaging multiple indicators. It is assumed that customer satisfaction influences loyalty (Jaiswal & Niraj 2007; Jaiswal, 2008; Wang, 2010). However, loyal customers do not necessarily need to be satisfied, as this is just a function of perceived service quality that may not be a relational measure. In the public sector, service reputation appears to be a more relevant measure, based on service experiences that can leverage government commitments as the source of its legitimacy. In efforts to attract new customers, reduce market and influence purchase frequency, the voice of customer is necessary to make inputs to service development in order to satisfy customers. By stimulating customer voice, strong relationship between satisfaction and loyalty may emerge over time to influence the overall reputation of government performance. Kotler & Armstrong (2010) argue that customer retention, loyalty and satisfaction are important intermediate variables for a superior performance by service firms.

## **2.6. Overview of customer orientation in urban water supply**

### ***2.6.1 Introduction***

Chapter 1 introduced the debates surrounding urban water customer service reforms, trends in management thinking and reforms in the urban water sector. This has called for comparison of reform alternatives given the mixed results of earlier reforms (Casarin et al, 2005; Dagdevien, 2008). Without repeating what has been discussed, this section gives an overview of what so far has been established in relation to the research topic. Over a decade ago the ‘Dublin Principles’ shifted global thinking towards treating water as an economic good with emphasis on cost recovery and emphasising the understanding of consumer behaviour (Kariuki, 2008). Accompanying this conceptual shift has been a wider move towards

focusing on water consumer's needs and preferences (Mugabi, 2007). Therefore, the efforts towards cost recovery and sustainability of urban water supply have been largely driven by NPM reforms, with an emphasis on proper understanding of customer preferences, attitudes, causes of satisfaction and, most importantly, dissatisfaction in framing preferences and decisions to pay for water services.

### ***2.6.2 Customer focused reforms in urban water supply***

Customer focus reforms are now widely considered as part of strategic management for water supply, because they provide a basis for distinguishing financially viable water supply projects from those that are destined for failure. However, experience in several low-income countries suggests that customer dissatisfaction is still a major problem, even for those projects with seemingly good initial financial models (Byron et al, 2008; Kayaga et al, 2009). For water utilities, one of the key determinants of overall customer orientation is the ability to engage positively with water users by providing affordable and beneficial water services. It involves reasonable expansion as a response to unmet demand, with better connection tariffs, and accurate water bills being sent to customers. Research has shown that perceived barriers that lead to unresponsive water user behaviour are as follows: (i) high water bills; (ii) frequent service interruptions; (iii) mistakes in meter readings, (iv) increases in water consumption, (v) unanticipated circumstances that place extra demands on household budgets; (vi) coloured or murky water; and (vii) financial difficulties as the problems that have to be handled through reforms. With the exception of unanticipated circumstances and financial difficulties, the rest of the factors perceived to impede prompt bill payment relate to service delivery issues that are within the full control of a water utility (Mugabi, 2007). The previous and present efforts to handle some of the problems, such as those explained earlier that affect water supply,

include changes in water policy thinking that are summarised in table 2.1.

**Table 2.1: Major paradigmatic changes in water and sanitation policy thinking**

<b>Old thinking</b>	<b>New thinking</b>
Water development	Water allocation
Emphasis on water quantity	Emphasis on water quality and quantity
Water and sanitation as basic human needs	Water & sanitation as basic human rights
Water and sanitation as a social good	Water as an economic good
Centralised management	Decentralised management
Government (state) provision	Government facilitation
Administrative domain	Service domain
Supply-driven approach	Demand -responsive approach
Water supply projects	Water services
Production orientation	Customer orientation
Hardware projects	Software projects- information sharing
Professional dominance	User and stakeholder involvement through voice
Top-down approaches	Bottom –up approaches
Command and control	Staff empowerment and flexibility
Doing everything	Outsourcing non-core activities
Budgetary provisions	Cost recovery from satisfied customers

*Adapted from: Seppälä (2002)*

Table 2.1 shows the central tendency is make urban water service more responsive to customers than was accepted in past management thinking. Most relevant to water services management are the promotion of people-centred approaches, institutional reform, good governance, capacity building of public sector agencies, engagement of all stakeholders, the establishment of partnerships with the private sector, and the adoption of commercial principles in management to improve efficiency and financial sustainability. To date, it is these rather complementary than competing issues that dominate the debate on water services management reform. It is clear that the need to ensure water service improvement and sustainability is the main driving force behind management reforms in low-income countries.

The pragmatic approach to customer responsive has been shown to promote a marketing approach that systematically values the preferences and behaviour of water consumers as the basis for ensuring improved performance (Kayaga, 2002; Njiru, 2002; Nickson & Franceys, 2003; Sansom et al, 2004; Picazo-Tadeo et al, 2008; Plieger, 2006 ). This implies paying great attention to differences in customer needs, ensuring good customer relations and putting in place mechanisms for the timely handling of complaints (Mugabi, 2007). However, the understanding of how customers can be brought on board to effectively influence decision-making in public water utilities on a sustainable basis remains a challenge that has only been partially addressed by consumer behaviour studies (Addo-Yobo & Njiru, 2006). Strategic business cultures are reported to be taking root, and this has meant that considering water users as customers rather than as passive recipients of services will continue to influence contemporary management thinking in urban water management.

Further, it is argued that public utilities have not historically excelled in being customer oriented, largely because of the way they are funded unconditionally by government, irrespective of whether they have performed poorly. The recognition of water as an economic good by users put them centre stage, as the utilities became dependent on users for survival. A reasonable tariff rate contributes to financial strength and viability that necessitate customer orientation. The benefits of customer orientation in urban water supply have been suggested by Schwartz (2006) to include:

- Customer-oriented service provision increases the accountability of the service provider to its customers;
- Customer-oriented service provision depoliticises the provision of services;

- Customer-oriented service provision stimulates innovation. If the utility gets its funds from the customer instead of government agency the utility is more likely to investigate innovations, which will increase customer satisfaction; and
- Customer-orientated service provision is likely to be more efficient as it better matches supply and demand for services.

There is a case of a public utility service in the city of Guanajuto in Mexico, SIMAPAG that underwent reforms in the 1990s, increased tariffs regularly closer to costs, and established user-friendly payment systems, so that income increased tremendously (by 280% during 1996 to 2001). As a result of paying customers, there was a demand for a higher quality of service, leading to a spiral of improved performance and cost recovery. However, this case does not exactly address the extent of customer orientation in the urban water supply public utilities in developing countries partly as it was a cross-country study that did not involve in depth analysis of the particular reform in relation to other NPM components.

There is strong evidence that urban water utilities in low-income countries operate only where both their existing and potential customers have access to alternative water sources and service providers. This is demonstrated by case studies that have revealed a dynamic urban water market supported by socially complex networks of access and distribution (Dagdeviren, 2008; Seppala et al, 2004). For instance, across a typical town or city, residents use private water vendors, individual household on-selling/buying, family and institutional boreholes, hand-dug wells, streams, rainwater and springs to supplement, replace or substitute direct utility water.

It is important to note that the alternative sources are often unregulated, unreliable, costly and therefore unsatisfactory (Mulgan, 2008; Muller, 2003; Molle et al, 2008). The major

proportion of urban dwellers use them regularly, either through necessity or choice of last resort. These sources of low-quality water that poses a danger for health attract loyal customers and, therefore, could be said to represent some degree of competition to conventional water utilities. Whether this level of competition is sufficient to drive urban water utilities into new, larger markets (such as informal settlements) is yet to be established. Regardless of this limited competition, major public utility corporations have a social responsibility to provide sustainable clean water services to all urban residents. This can be done through ensuring an equitable price, although this appears to be diametrically opposed to ensuring increased levels of cost recovery that can be achieved through serving different customer segments differently. Where the latter approach is feasible, cross-subsidies can be used to take into account pro-poor concerns. Consequently, in the light of mounting social and commercial pressures, water utilities in developing countries are being urged to change their business approach from being supply-driven to being customer-oriented (Njiru, 2002; Nickson & Franceys, 2003; Njiru & Sansom, 2003; Kayaga et al, 2004; Sansom et al, 2004).

However, a customer orientation approach seems much more relevant to the cost recovery problems faced by water utilities in developing countries. Further guidance is needed on how to operationalise the customer concept and its propositions in a water utility context (Njiru , 2002). A water service provider that values customers is expected to have its entire operation, its personnel and technical systems, geared to providing improved customer satisfaction, and to contribute towards achieving its financial objectives (Seppalla et al, 2004; Njiru, 2002). The customer focus represents a strategic approach to marketing water services which captures the fact that water utilities need to generate sufficient funds to cover their costs and carry out future investments (Njiru, 2002; Sansom et al, 2004). However, due to the monopolistic nature of the water industry, the question remains of whether a true customer

orientation philosophy or culture can be developed by an organisation that is not fully subject to the market principles of competition.

On the other hand, customer orientation as the management process being adapted rather than adopted to the water sector, typically involves the following key steps (Sansom et al, 2004): (i) investigating customer demand for different service options; (ii) identifying groups of consumers whose requirements could be better satisfied; (iii) developing reliable service options to meet changing demands; (iv) pricing the service at a level which the market will bear and which will meet the financial objectives of the utility; and (v) promoting the service so that a desired unit of revenue or volume of demand is achieved. Such a process is considered key to improving business performance, and in the water sector, it represents a holistic approach to water service delivery (Njiru, 2002). By seeking to understand the perceptions and preferences of different consumer groups and their willingness to pay for different types of services, utilities can develop viable business plans that target and provide reliable services to each consumer group (Sansom et al, 2004).

Therefore, as the water sector reform agenda calls for water service providers to demonstrate more commercial or business-like practices and move away from supply-driven to demand-driven approaches, marketing as a management process and as a set of tools is increasingly being advocated (Njiru, 2002; Njiru & Sansom, 2003). As many contemporary marketing authors have argued, marketing is no longer just a commercial tool aimed at developing, selling and delivering products or services for financial gain (Kotler & Armstrong, 2010). It is increasingly more concerned with the development and maintenance of mutually satisfying long-term relationships with consumers, and can be applied successfully to sectors and organisations in which profit is not the major motive for existence. The case studies below



give some insights into the trends in customer orientation in urban water supply utilities globally.

### ***2.6.3 Case studies of customer responsiveness in urban water supply***

The case studies that demonstrate different levels of implementing customer orientation include that of Finland water utilities. For instance, Seppala et al, (2004) observe that water utilities in western countries have recently changed from being supply-oriented to being demand- and customer-oriented. In their four Finnish utilities, they concluded, there is a need for information dissemination to customers about their water services and providers than they are currently receiving. It was also discovered that some water utilities are already fairly customer-oriented, but they are still far from true customer-responsiveness under which customers are recognized as full stakeholders. They predict that water services in the future will be based on the ethics, values, rights, responsibilities, and expectations of all relevant stakeholders.

A case study pointed out that a series of service delivery reforms of a water utility in Southern India led to sustained improvement in service delivery performance (Caseley, 2006). The success is attributed to enhancement of key accountability relationships that triangulated between citizens, senior managers and frontline workers. The citizens' demand for accountability provided organisational learning for senior managers to hold frontline staff to be accountable for responsive service provision. It can therefore be suggested that transparent and accessible citizen-based accountability mechanisms can contribute to organisational change and sustained improvement in public service provision. The study demonstrated to practitioners how public sector service providers can deliver improved services to citizens.

The experience at metro-water indicates that reforms can encourage citizens to complain and influence public service providers to improve their performance and deliver responsiveness.

The management approaches in a bulk water utility, Namibia Water Corporation (NAMWATER), have been reported achievements in various areas of intervention (Ndokosho et al, 2007). It is that application of the principles of NPM in managing NAMWATER, as drivers of efficiency, effectiveness and flexibility often associated with the private sector, that have led to modest improvement. However, the study, which used a combination of literature review, interviews and questionnaires, established that NAMWATER customer care was very poor as there was no evidence of operational customer care facilities.

#### ***2.6.4 Section summary***

The introduction of NPM reforms into urban water services management has increased emphasis on the central role of the customer and encouraged water service providers to be user focused in order to improve levels of cost recovery. However, the degree to which its implementation will succeed is heavily dependent on how well water utilities understand the customer. For utilities to be customer-focused, they require an understanding of the characteristics of consumers and the factors that influence their decisions and behaviour patterns, especially with respect to paying for services. The case studies reviewed above give some insights into the trends in customer orientation in urban water supply utilities globally.

### **2.7 Chapter summary and conclusion**

This chapter has discussed the justification for customer orientation in the private and public sectors and pointed out the likely policy implications for design, implementation and performance evaluation. Some approaches, plus difficulties in implementing customer orientation, have been discussed as a means to overcome some of the obstacles to applying

customer orientation and responsiveness to voice channels as possible triggers of user satisfaction and loyalty. A discussion of how user voice and responsiveness are understood and of channels and strategies that have been used to promote responsiveness to user voice was provided. The obstacles to responsiveness and voice were also discussed, with the issues that need to be focused on, such as user perspectives on satisfaction and loyalty, being pointed out. The main variables and relationships derived from the literature for assessing the success of customer orientation reforms include the effectiveness of voice channels with corresponding changes in provider responsiveness. This can trigger overall service improvement, user satisfaction and loyalty. The identified concepts have seldom been used for analysing the performance of customer oriented reforms in the public sector.

Given the above review, the important question is that since privatisation does not appear to have been a panacea in resolving poor performance in the public sector, then, how can NPM-inspired reforms such as customer orientation facilitate the desired public utility management and performance changes, especially in low-income countries. As a result of new public management, public organizations have embraced the principles of customer-orientation. This implies that public service delivery has become more sensitive to the requirements, preferences and expectations of those who use them (Flynn, 1997, p.152). It is important that all users of public services should be treated with respect, politeness and dignity. Therefore, aptly “The question is, how to organise the process of listening to the service user and responding to their needs and preferences” (op.cit.p.153). This requires further understanding of how customer orientation can be implemented in the urban water sector of a developing country, so that the intended outcomes are achieved. To address this concern, this study assesses how customer orientation reforms have been designed, implemented and evaluated from multiple perspectives in public urban water supply in Kampala, Uganda from 1998-

2008. Therefore purpose of the following chapter is to develop an analytical framework and methods for investigating the application of customer orientation reforms in NWSC.

## **CHAPTER THREE**

### **ANALYTIC FRAMEWORK AND FIELD METHODS**

#### **3.1 Introduction**

This chapter explains how the research questions outlined in Chapter 1 are investigated in this study. First, the research problem is identified as a lack of adequate understanding of the application of customer responsiveness in urban public water supply, especially in developing countries. Next, the theoretical approaches for investigation of the design, implementation and assessment of customer-oriented particularly in relation to the context of NPM reforms are outlined, followed by the analytic framework developed for this research. Finally, the methods for data collection and analysis, the way ethical issues were managed, and the limitations of the study are briefly explained.

#### **3.2 Research problem, the main hypothesis and the research questions**

This section defines the research problem and the main research hypotheses, and how the key research questions that were introduced in Chapter 1 were derived from these. The concern established from a review of the literature was how customer orientation can be designed, implemented and evaluated in a public sector setting, especially in urban public water utilities. This implicitly required further understanding of how customer service reforms can be managed in particular sectors and contexts. Recent reform policy assessments have tended to be more focused on quantitative than on qualitative service outcomes, thus ignoring the formative and implementation levels of policy which should certainly feed into any explanation of sustainable outcomes (Berg & Marques, 2010; Hoggarth & Comfort, 2010). The assessment of reform performance has tended to ignore service users' views on reforms,

thus ignoring an important perspective that is useful in guiding reform priorities (World Bank, 2003). The foregoing key concerns point to the inadequacy of the understanding of how customer-oriented policy can be comprehensively assessed at the policy formulation, implementation and outcome levels. Therefore the main hypothesis to be tested is as follows:

**Well-designed and implemented customer-oriented policy reforms, together with enhanced provider responsiveness to user voice, can, in an urban water public utility, positively influence service outcomes, thereby contributing to user satisfaction and loyalty.**

Based on the literature reviewed, the main hypothesis above proposes that enhancing provider responsiveness to user voice is likely to improve the quality and quantity of public service delivery and correspondingly positively impact on user satisfaction and loyalty as possible measures of the strength of customer orientation. This implies that it is necessary to understand the reform design and implementation processes as a link to explaining the outcomes, and it is this requirement that has motivated the main research question of the study below:

**Has the NWSC become more customer-oriented as a result of reforms? If so what are the consequences for user satisfaction and loyalty?**

In order to answer the main research question, three sub-questions were developed:

- 1. How was the customer-oriented policy designed and implemented in the NWSC?**
- 2. How has the customer-oriented policy performed in the NWSC and why?**

### **3. Are household connected water users satisfied and loyal to the NWSC as a result of provider responsiveness-to-voice reforms?**

The first question focuses on customer policy construction and implementation. The second requires an establishment and explanation of the reform outputs and outcomes. The third requires an assessment of how the responsiveness-to-voice reforms have impacted on service users' satisfaction and loyalty. In order to answer the above questions, three strands of theory on which the empirical analysis will draw are described and explained in the next section.

## **3.3 NPM as the theoretical basis for analysing customer orientation reforms in the public sector**

### ***3.3.1 Introduction***

As discussed in Chapter 2, increasing public demand for high quality service has put pressure on public utilities to adopt NPM reforms in order to be more responsive to their customers. NPM reforms generally involve the transfer of business-style management strategies to the public sector to improve the effectiveness of service delivery. Several pro-reform commentators have argued that by putting service users in the “driving seat”, the latter are likely to reduce red tape and obtain more responsive services from providers (Osborne & Gaebler, 1993; Kotler & Armstrong, 2010; Blanchard et al, 2005; Drucker et al, 2008). It is in this context that customer-responsive reforms have gained support as strategies for improving service delivery as an alternative to privatisation (Seppala et al, 2004, Caselly, 2006, Schwartz, 2006; 2008).

### ***3.3.2 The objectives of NPM and customer responsive reforms in the public sector***

As the literature suggests, where privatisation has not worked, internal reforms have been found to improve public services by catering both for commercial and social objectives (Mugisha & Berg, 2006; Parker, et al, 2006; Boarg & McDonald, 2006; Gerlach & Franceys, 2010; Araral, 2006; Seppala et al, 2004; Bakker, 2008; Schwartz, 2006; Berg, 2005; UNDP, 2008). This approach involves overcoming inflexible bureaucratic cultures that are often corrupt, while at the same time motivating staff to be responsive to service users (Muhairwe, 2009; Balogun, 2004; Commonwealth, 2010). Such reforms in the public sector are likely to create challenges that need to be overcome.

In practice the enthusiasm for NPM reforms continues, in spite of continuing disagreements as to whether they can actually help to deliver improved services, especially in developing countries where fragmented capacity and contextual limitations are common obstacles (Schick, 1999; Minogue, Polidano & Hume, 1998; Bartley & Larbi, 2004; Nickson & Franceys, 2003; Ohemeng, 2010). There is increasing evidence that when the main driver for NPM reforms is customer focus, the likelihood of these reforms succeeding is increased (Drucker et al, 2008; Osborne & Gaebler, 1993).

Therefore, in order to improve public service delivery, providers need to be motivated to enhance the satisfaction and loyalty of both their own staff and service users (Zeithmal, 2006; Dowding, 2008; Amayo, 2009; Drucker et al, 2008; Blanchard & Shenson, 1998; Blanchard et al. 2005; Nwankwo & Richardson, 1995; Kotler & Armstrong, 2010; Clarke, 2010; Jones & Needham, 2005; OECD, 2008; World Bank, 2009). Global service consumption trends, influenced especially by economic changes, information technology and population growth, indicate that there is increasing pressure on states to be responsive to citizens' demands.



(Osborne & Gaebler, 1993; Balogun, 2002; Berg, 2005; Rakodi, 2002; Batley & Larbi, 2004; World Bank, 2003; Beresford, 2007; Le Grand, 2006).

### ***3.3.3 The need to address challenges to customer service in the public sector***

Customer service in the public sector is often narrowly equated with frontline customer care, sometimes to the exclusion of actual service improvement. The first challenge to customer care is that customers feel disempowered and therefore cannot competently influence service providers who have superior professional knowledge. Secondly, a focus on customer service is argued to undermine the public service ethos (Box, 1999; Fox, 1999; Aberbach & Christendesean, 2005; Ayeni, 2000; O' Flynn, 2010; Le Grand, 2006; Jones & Needham, 2005). Thirdly, consumer ignorance allows the manipulation of public services for the sake of profits. This can, for example, lead to wasteful competition for scarce public goods and a focus on short-term customer relationships at the expense of long-term public values (Box, 1999; Fox, 1999; Fountain, 2001; Aberbach & Christendesean, 2005; Ayeni, 2000; Vigoda-Gadot, 2002).

However, those who advocate customer focus downplay the above arguments (Box, 1999; Fox, 1999; Jones & Needham, 2008). For instance it is argued that to achieve sustainable public value, services need to be rated not only from the technical, political and provider perspectives, but also from the often neglected user perspectives (Simmons et al, 2009, Beresford, 2007; Le Grand, 2006). Recently, NPM reforms have increasingly been found to promote service responsiveness to key stakeholders with reduced red tape and enhanced overall efficiency (Berg, 2005; Larbi, 2010; Ohemeng, 2010).

However, there is still lack of adequate understanding of the advantages and challenges associated with customer-responsive reforms in the public sector (World Bank, 2003, UNDP, 2008; OECD, 2005). The benefits of customer orientation, especially in urban water supply, as suggested by Schwartz (2006), were established in Chapter 2.6.2. Taking into account the research objectives of the present study, the possible areas of customer focus include: increasing the accountability of the service provider to its customers; depoliticising the provision of services; generating knowledge for optimal decision-making; and stimulating innovation. If the utility gets its funds from the customer instead of a government agency, it is more likely to investigate the service changes that will increase customer satisfaction. Providers are likely to be more efficient when there is a match between supply and demand by aligning customer expectations with actual services delivered (Zeithmal, 1994; Blanchard & Sedon, 1998; Markides, 2010).

#### ***3.3.4 The New Public Management (NPM) as a mechanism for service delivery reforms in Africa***

Since the late 1970s, most developing countries have implemented public sector reforms under sometimes similar neo-liberal instruments based on the Washington/Post-Washington Consensus policies and the New Public Management (NPM). The SAPs contain elements that constitute the NPM menu and vice versa. The time overlap between these two programs makes it difficult to clearly delineate when the SAP ended and the NPM became the key focus for institutional and service delivery reforms (Ohemeng 2003, Bartley & Larbi 2004). Generally from the late 1980s, a number of African countries adopted the NPM inspired reforms, which had shaped public sector reforms in the developed world, in addition to accepting SAPs as part of donor conditionalities (Caulfield, 2004; Larbi, 1998).

The theoretical basis of NPM is largely influenced by neoliberal ideology and largely involves the use of market-type or contractual arrangements such as performance contracts, the creation of agencies, contracting out, internal markets and citizens' charters that are aimed at improving public service management. The marketing approaches are justified for driving competitive efficiency, which may not clearly apply in monopoly situations where choice is limited and voice is the alternative demand strategy to improve public services (Balogun, 2005). Improvement of procurement procedures and contracting as competitive strategies to save on costs has been found to lead to more focused resource use but ironically also contribute to increased bureaucracy with new forms of corruption and transaction costs (Lapsley, 2008; Kugonza, 2010). Citizen charters aimed at improving the user-provider relationships have been adopted but also have resource constraints and new management pressures to respond to customers and competing demands from other stakeholders such as the poor (Ohemeng, 2011). Performance measurement has led to emphasis on results rather than only procedures. However, measuring outcomes of public services has not been found to be easy as it involves various stakeholder perspectives some of which are more qualitative and therefore hard to quantify. Decentralised management has enabled, in some cases, managers to manage, but with counter tendencies of recentralising to ensure control and accountability. Customer orientation has been adopted as one of the most dominant reform components that directly impacts on service delivery, but with associated risks of managing customer satisfaction and loyalty amid resource constraints (Drucker, et al 2008). NPM reforms are also associated with measures to reduce the public sector, namely through privatization and downsizing that further limit state capacity to handle pressures from all citizens (Manning, 2002; Lapsley, 2009; Pollit, 1993; 2009). Therefore, the NPM can be defined as a vision, an ideology bundling particular management approaches and techniques

that are borrowed from the private for-profit sector (see also Ferlie et al., 1996; Hood, 1991; 1995).

Based on the above dimensions, one can define the NPM as a reform philosophy that emerged in Africa at the beginning of the 1990s, when many African leaders began to “search for solutions to the problems of the overloaded, expensive, inefficient, and unresponsive state” (Minogue, 2001; p. 34). The key aims of the NPM include: a greater focus on results and increased value for money on a client-and-service-orientation; a strengthened capacity for developing strategy and policy; the introduction of competition and other market elements; changed relationships with other levels of government; explicit standards and measures of performance; a stress on private-sector style management practices; and a greater discipline and parsimony in resource use (Hood, 1991). The defining characteristics of NPM are its entrepreneurial dynamic, its reinstatement of the competitive market as a potentially more efficient provider of public services than the state, and its proclaimed intention to transform managerial behaviour (Minogue, 2001).

In Africa, the implementation of the NPM focused on three major areas: decentralization; privatization of state-owned enterprises and civil service reforms (Ayee, 2008; Barley & Larbi 2004; Larbi 1998; Conteh & Ohemeng 2009; Hope, 2001; Hope & Chikulo, 2000; Oluwo, 1998; 1999). Each of these institutional reforms contained a number of policies that affected, and continue to affect, the public service delivery. In all, NPM reform efforts are geared towards improving the effectiveness and efficiency of the public sector, enhancing the responsiveness of public agencies to their clients and customers and reducing public expenditure, and therefore improving managerial accountability (Christensen & Lægheid, 2011; ECA, 2004; Pollit, 2009).

The public utilities in Africa play a very significant role in service delivery and therefore development, yet they have not performed as intended by the policy makers and international donor agencies (Owusu & Ohemeng, 2011). Indeed, while there has been limited reform success in some countries like Uganda and Ghana as early reformers, overall the reforms have largely not been comprehensively assessed to determine whether they have dealt with the problems such as contextual bottlenecks, inefficiency, lack of cost effectiveness, moonlighting, poor HRM and resource misappropriation, as key obstacles to improving public service delivery. Therefore, despite efforts to reform, the persistent challenges have led to looking for ways of making the service delivery to be more user responsive, effective and efficient (Larbi, 2006; Balogun, 2005).

Fernandez and Rainey (2004) who have carried out more comprehensive reviews of reform in Europe have identified key reforms success factors as the following: leaders communicating the need for change; making an action plan; building external and internal support and addressing resistance to change; ensuring commitment from key stakeholders; mobilising resources to deliver results; institutionalising deep change in attitudes and behaviours; and, where applicable, using incremental change with consideration of knock-on effects of different mixes of reform components. However, these factors are good sign posts, but the actual driving of reforms remains contextual and sector driven among other competing pressures resisting and supporting change (Schick, 1998; Owusu & Ohemeng, 2011).

The general focus is establishing a developmental public sector in African countries to help steer a well-defined and strategized national developmental agenda (Stiglitz, 1998). These new approaches go beyond the first generation supply side quantitative reform of the 1980s

and 1990s to the present user-driven qualitative reforms that are development oriented. Apart from the neoliberal market oriented reforms that have been heavily critiqued for reinforcing developmental inequalities, the public sector now would need to follow more of the mix of customer focused reforms and neo-Weberian responsive bureaucracies that are: flexible but competent; focused on new managerial roles by stressing leadership, entrepreneurial, and facilitating skills; be based on strong government business- civil society relationships; built employee morale by making the service more meritocratic and career-building; attend to the demands of civil society; be accompanied by a strong and effective human resource management system; and able to secure ethical standards among public servants (OECD, 2005; Nickson, 2008).

After decades of downplaying the role of the state in the development in Africa, there is now a paradigm shift and a rediscovery of the importance of the state in the developmental process. This signals the need for a more capable and responsive public sector. Indeed, there is a renewed sense of urgency to create an effective public sector in African countries at both the continental and national levels (Economic Commission of Africa, 2004). African governments have attempted public sector reforms since their respective independence. Since the 1980s many African countries have, with the support of donor agencies, aggressively experimented with varied reform strategies. These reform efforts have ranged from the “quantitative” first-generation and “qualitative” second-generation reforms of the Washington Consensus era in the 1980s and 1990s, to the current “service delivery” third-generation reforms of the post-Washington Consensus (World Bank, 2003). At the same time, there were parallel and overlapping sets of public sector reform policies under the banner of the NPM, which draw on a model used in the Organization for Economic Cooperation and Development (OECD) countries. These attempts are basically to apply market principles and neo-liberal

economic ideas to governmental policy, administration and management. Despite these reforms, the public sector in many African countries continues to be beset by inefficiency and remains incapable of performing basic functions (Mutahaba & Kiragu, 2002). The way forward for revitalizing the public sector in Africa in the current democratic environment through NPM reforms remains an area of important research based on long –term impacts across different sector and countries.

In the urban water sector, Schwartz (2007) argues that in African public utilities are undergoing change in management principles and practices driven by NPM reforms. These reforms are largely driven by a broader coalition of external agencies and government support. He concluded that attributing service changes to NPM reforms remain questionable as public utilities still remain reliant on government and donor to sustain their services. The factors recognised for reform success include leadership of the organisations, strong institutional cultures, degrees of professionalism, levels of stakeholder support and the underpinning reform conceptualisation, design and implementation strategies adopted.

The reform analysis in Africa so far indicates that to a limited extent central government in Africa are focusing on its enabling role by separating policy from service delivery (Mugisha, 2010). There are efforts to give service providers greater autonomy to enable them to manage their finances, staffing and planning more effectively while also restraining abuses (Berg, 2005). Further there has been reasonable decentralisation of service management to local units or new agencies to enable greater responsiveness to service users (Larbi, 2006). Service delivery reforms have been geared at moving towards tariff levels that reflect all costs, including catering for operation and maintenance, debt charges, depreciation and investment

for the future. However, these efforts have been sometimes opposed for lack of adequately incorporating pro-poor concerns (Rakodi, 2002; Joshi, 2008).

The Ministries of Finance have improved overall accountability of sector organisations with better transparency and reporting supported by the accompanying audits (Muhairwe, 2011). The efforts towards competition or private sector participation to encourage performance improvements are being implemented at different service delivery levels with, as expected, mixed results (Larbi, 2006). Governments are establishing independent regulatory structures to review utility performance and set suitable incentives and penalties for provider's staff and customers. This entails setting up an independent regulator in some cases. Efforts to improve responsiveness to service users through measures such as enhanced customer services and communication with users through a variety of channels are also being implemented with some overall positive results (Arralal, 2010). To further support the ongoing reforms the human resource development to improve organisational performance has been prioritised to attract and retain the best personnel on a competitive basis (Schwartz, 2009).

The above reforms, when well designed and implemented, provide an enabling environment for utility managers to introduce real service improvements targeted at key stakeholders. However, many of these NPM reforms have not been fully implemented in some parts of Africa (Sansom, 2011). While the present study focuses on customer service reforms in particular, there is a need to recognise such other reform components which influence its success and perhaps vice versa.

In addition to the above considerations for customer service reform to be successfully managed, Balogun (2003) suggests that the challenges in Africa need managers to consider the following:



- Leadership commitment to change, constant validation of service results,
- Empowerment of customers / providers,
- Reduction of service bottlenecks,
- Implementing interventions with outcomes that can be tracked and measured,
- Reviewing policy frameworks and enforcing regulations,
- Sensitisation and action planning, and
- Providing management-of-change expertise.

The methodological implications for analysing the above factors demand mixed perspectives for comprehensive understanding of the context and capacity issues related to specific sectors. Further as Drucker et al (2008) suggests the most important questions to ask about customer reforms that incorporate user perspectives include: what the organisation's mission is, who its customers are and what they value most, what is the focus of the organisation's results and what are the implementable strategic decisions for achieving them. In brief, these questions involve what the organisation wants to be evaluated as to indicate that it is successful in serving the core purpose for which it was established. These considerations can help to clarify what constitutes good performance and whether the customer related practices in place potentially will enable the organisation to achieve its own and most importantly customer objectives.

### ***3.3.5 User perspective and Hirschman's framework of exit, voice and loyalty***

Analysing policy performance from the user perspective is one of the current strategies for assessing whether policy outcomes are beneficial to service beneficiaries or not, and why. The theoretical perspective informing the user perspective is of Hirschman (1970) framework of exit, voice and loyalty where during decline in services the three concepts are used to exert pressure on service providers to be more responsive to user demands. John and Dowding

(2008) identify three types of exit, which include changing location, choosing between public and private provision, and alternating between different public providers. Further, they point out three levels of voice: individual voices; voting for political representatives; and collective interest articulation (see also Rakodi, 2002; Joshi, 2006). The evidence generated from their study indicates that dissatisfied users are likely to complain privately, vote for leaders who are likely to effectively represent them, and engage in other forms of collective voice. However, users find it difficult to exit geographically to a better service area where there is a monopoly, because of the prohibitive costs involved and the general inconvenience of settling in new social networks. The researchers also found that voice and exit can be trade-offs, especially in monopoly situations where exit is limited and thus having the option of complaining persistently by using different mechanisms to see their concerns are addressed is an alternative.

Another important aspect of Hirschman's original framework is that customers that are more loyal to a given product or provider would rather voice complaints than make an unpredictable exit. This suggests that as loyalty increases the potential influence of voice relative to exit is the most rationally desirable option for service users.

Further, users who are reasonably satisfied would rather be loyal than exit as they have the option of voice that can be less costly in influencing service improvement. Satisfied customers also tend to shift their goal posts and to ask for more improvements. However, dissatisfied customer too are more likely to complain and remain loyal where reforms can guarantee that concerns will eventually be addressed (John & Dowding, 2008). This makes the relationship between satisfaction and exit strategies complex, given that dissatisfied customers could prefer to be loyal but complain rather than exit where they are not sure of the

advantages and costs involved. Various commentators have used Hirschman framework of exit, voice and loyalty to influence public service reforms. For instance Mayo, Ed (Chief Executive of Consumer Focus – 2009) argued that:

*“It seems to me the best and most sustainable way to improve the responsiveness of public services is to improve the expectations and entitlements of service users. If customers have a right to certain services, they will get treated with respect. But we also have work to do to sustain and expand the very mandate for public services, which is why the flavour of membership and citizenship is an important one to nourish alongside the model of users and consumers”* (Cited in Simmons et al (eds) 2009; p.3).

Most commentators use terms such as consumer, customer, user and citizen interchangeably (Vigoda-Gadot & Cohen, 2004), as they see no clear rationale for differentiation in terms of how services are priced and actually delivered. An attempt was made by Hirschman (1970) to reduce the conceptual confusion between individuals who apply choice or voice, or both at the same time, by bearing in mind the pressures they exert on service improvement. Some commentators have largely equated exit or choice with economic mechanisms, and loyalty and voice with political mechanisms (see also e.g. Crouch, 2003; Needham, 2003, Audit Commission, 2004; NCC, 2004; Office of Public Services Reform, 2005; Gabriel & Lang, 2006; p.3 cited in Simmons et al, 2009).

As discussed in Chapter 2, the need for clarification of service users by labels still dominates public service reform debates, especially in comparison with traditional public provision. The term ‘client’ is often applied to the consumption of professional services, while ‘citizens’ are beneficiaries of welfare services. The consumer embodies the private, the market and the individual rather than the public, the state and collective consumerism. However, concern needs be focused on whether what consumers are called actually translates into mechanisms for recognition of their voice, loyalty, satisfaction and choice in influencing service

improvement. It appears that with increased individualism in modern services, the traditional labels are less relevant for more or less access to voice and choice mechanisms. Rather, it is the moral commitment of the providers and their reliance on the customer for business survival, together with enforceable regulation, that largely motivates them to recognise consumer interests in decision-making and service design (Rakodi, 2002; Commins, 2007).

Further, Hirschman's classic trilogy in practice recognises three mechanisms at work, which include notions of the consumer as chooser, with the emphasis on exit as the most important mechanism, while assertive consumers, as activists, rely on the voice option. Consumers who use their voice are assumed to be relatively loyal and to trust the professionals to serve their interests based on established public ethos (Clarke et al, 2007). The concern in public services, as recently established in the UK, is that choice can also lead to conflict with values of justice, fairness and equity, with the possibility that the better off could be the only actual beneficiaries of reforms. Therefore it has been argued that consumer empowerment is more likely to be achieved through voice than through choice (Simmons et al, 2009; p.269). In David Miliband's Speech, (18 May, 2004) he valued both voice and choice by arguing that:

*“Choice and voice are strengthened by the presence of each other: the threat of exit makes (service providers) listen: the ability to make your voice heard provides a tool to the customer who does not want to change (provider) every time they are unhappy”*

Similarly, Le Grand (2006; p.4) proposes that voice needs to be linked to choice to be effective, as it gives power to voice. He signals a preference for collective voice which means going beyond the narrow confines of consumer voice to incorporate general citizen concerns. He claims passive consumers do not engage in voice, so empowering them with purchasing power and information may not trigger the desired service improvement, especially if they are regarded as desperate service beneficiaries and not customers who can exit using their own

economic power and rational choices. All these observations cannot be divorced from their context, and the different conditions of public service matter in the analysis of sometimes conflicting provider and consumers behaviours. Some analytical questions keep on arising about the concepts of voice, exit and loyalty, with the concern that in the public sector the driving forces that constitute and determine the provider and user interface are more complex and demanding than in the private sector. Further, when we research user perspectives, do we consider users and their views as statistics, or data, or people whose inside views shape their actions and attitudes, which in turn define those of providers. Also, is the knowledge generated life-improving or an exercise in rhetoric? In other words, *whose reality actually counts?* Is it that of professionals, policy makers, the beneficiaries of services, or provider organisations? (Chambers, 2003).

To address some of the above dilemmas, the user perspective focuses the categories of relationships between individuals and service organisations in a broader sense. Where there is limited choice, it is argued that individuals may continue to use a service and hope to exert influence on service-providers through exercising their voice (Goetz & Gaventa, 2001). The preferred use of the voice mechanism could particularly be relevant to poor water service users who may opt for worse of alternative such as collecting rain water, using natural water sources, or buying from vendors without guarantee of water quality, reasonable cost and access on a 24/7 basis (Mugabi, 2007).

In a public water monopoly situation where service-users have limited exit options, they can effectively resort to voice and loyalty as a way of having their concerns addressed by both policy makers and providers. However, monopoly institutions may have little incentive to listen to service-users if the voice option does not function except when it is enforced as a

regulatory requirement. For voice mechanisms to function properly in the public sector, pro-reform managers need to value customer centrality in service delivery; and customers correspondingly require empowerment to fight for their service rights. Where provider responsiveness fails, service users need some forms of arbitration, such as through civil protests, expressing their dissatisfaction directly to top management, boards and government oversight bodies or to some other authority like representative policy-makers at the highest level, in order to trigger pro-customer reforms (World Bank, 2003). This is the voice option, which helps management to search for possible causes of and cures for customers' dissatisfaction that should be a measure of a well performing public service provider.

Therefore, from the above discussion it can be discerned that, by analysing the three concepts of loyalty, voice and exit, alternative strategies for relating to providers can be comprehensively understood, and there is the likelihood that providers trying to find the best alternatives for engaging with their service users will find this being enhanced. Also, the polarity between market and state mechanisms of service delivery are, in effect, reduced and these mechanisms are seen rather as reinforcing each other. The appropriate use of voice as a service improvement instrument can lie anywhere on a continuum all the way from faint grumbling to violent protest, both with economic and political implications (Rakodi, 2002). Hirschman's doctrine can thus be interpreted as displaying to political scientists the usefulness of economic concepts and to economists the usefulness of political concepts in managing challenges associated with reforming public services. The theory broadly suggests that politics can inform economics, just as economics can inform politics, a trend that needs to be reflected in NPM reforms. In respect of public utilities generally, voice and exit may simultaneously be generated as a result of quality deterioration, price increases, accessibility

and poor behaviour of staff towards service-users, a situation that is likely in developing country contexts (Balogun, 2003).

Arising from the above discussion, the methodological implications of measures of user voice may include: spontaneous interview comments from users; use of questionnaires to get perceptions, suggestions and responses to service reforms; networks of stakeholders being established and operating in the sector; focused group discussions on service performance; and understanding of leadership outcomes in changes in service delivery. These methodological approaches suggested by Hirschman can be relevant for analyzing service improvement in the kind of monopoly public utility setting that is the focus of this study. Further, the literature suggests that both individual and collective consumer voices can be important in improving service delivery if the providers are willing to listen and respond to sometimes contradictory demands and expectations of service users.

### ***3.3.6 Section summary***

This section has set out theoretical approaches for researching customer policy application in the broad context of NPM reforms and Hirschman's theory of voice, exit and loyalty that has been widely applied in the analysis of customer-responsive service innovations. We now outline the framework for the collection, analysis and interpretation of empirical data.

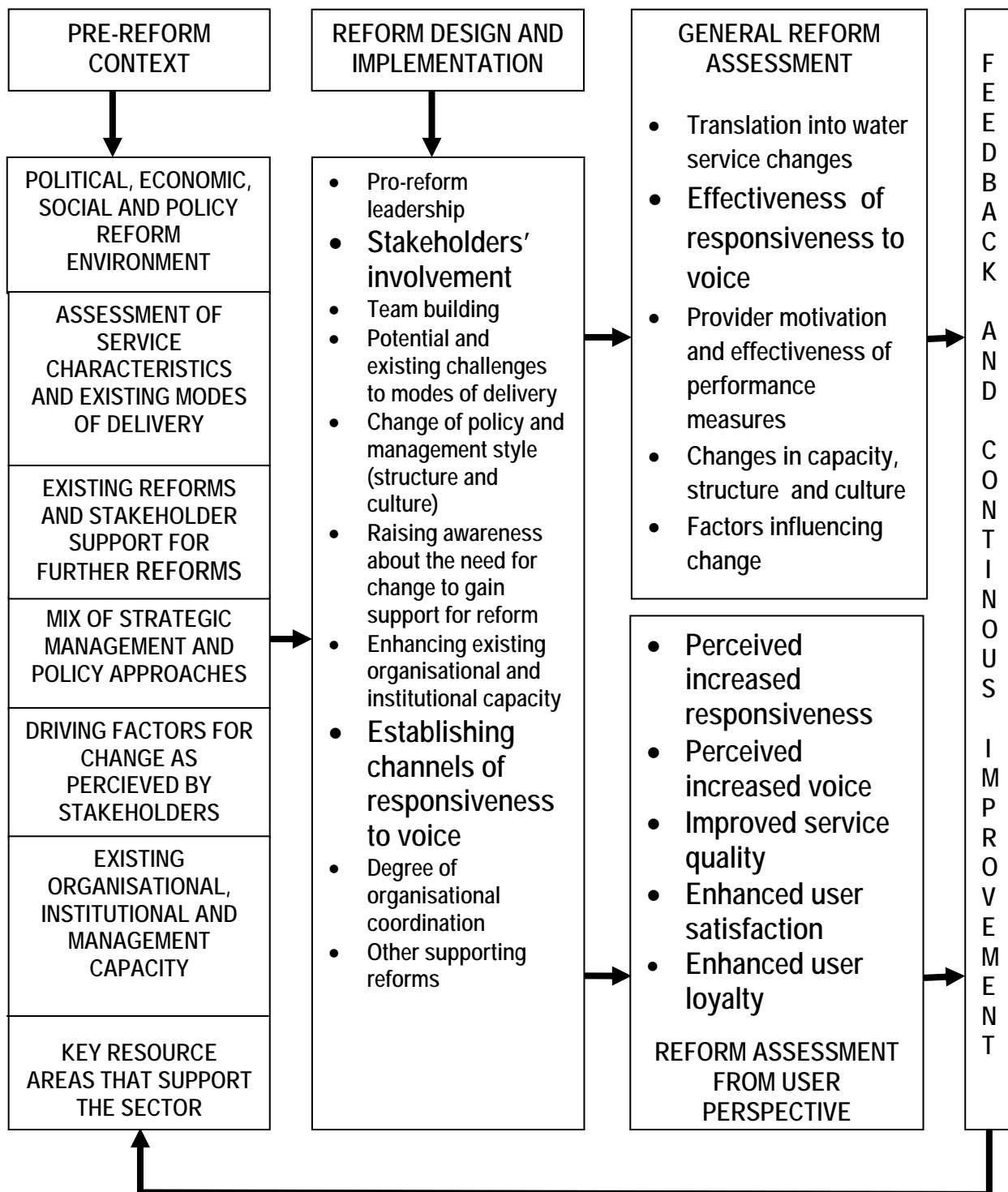
### **3.4 The analytic framework for assessing customer responsive reforms**

#### ***3.4.1 Introduction***

This section shows the inter-linkages of the key concepts of customer orientation reforms, customer voice and provider responsiveness within a framework that guides the empirical analysis, as shown in figure 3.1 below. The anticipated outcomes of applying provider responsiveness to customer voice reforms include service improvement, staff who are better able to manage service user relations, customer satisfaction and loyalty.



**Figure 3.1 Analytic framework for assessing customer oriented reforms in a public urban water utility**



**Source: Constructed by the Researcher**

The practical considerations in the design of the analytical framework in figure 3.1. above are: the need for diagnosis of pre-reform organizational performance (Berg, 2005; World

Bank, 1998); the extent of building on earlier reforms; the interventions put in place in terms of organizational structures (Thompson, 2000; Drucker et al, 2008); understanding management-of-change strategies (Blanchard et al, 2005; Kotler, 2010); availability of human and financial resources aimed at providing a high performance work environment; gaining the cooperation of relevant stakeholders, especially professional engineers, in shifting from supply to more customer-oriented water supply (Nickson & Franceys; 2003); the actual use of mechanisms for responsiveness to voice (Rakodi, 2000; 2002); and the transformation of organizational culture based on customer priorities (Nwankwo, 1995). Evidence of managing some of the foregoing factors and the relevant relationships is likely to give insights into the applicability of customer orientation and also contribute to explaining the results as per the proposed detailed analysis in relation to the research questions below.

#### ***3.4.2 Proposed analysis in relation to the research questions***

The proposed analysis according to the research questions is elaborated as below.

##### **Question 1: How was the customer-oriented policy designed and implemented in the NWSC?**

Responding to this question requires various considerations that are identified as follows. First, evidence of how the reforms were conceptualised by different stakeholders needs to be established. This includes identifying those who supported and those who opposed the reforms, and why, in order to understand how they influenced the shaping of policy objectives. Further, it is necessary to establish how and why the different stakeholders were involved in the actual policy adoption and the design of implementation strategies that guided the reform activities. The overall objective of the analysis is to establish to what extent the reform environment and the necessary leadership that enabled the formulation and application

of customer-oriented policy as the main driver of change for water service improvement. Also to be addressed are the corresponding organizational support structures, complementary NPM reforms, leadership skills, team-work training, communication strategies used for stakeholder involvement, and motivating factors for reform. This analysis is covered in Chapter 4 of the thesis, which mainly explains how things happened the way they did at each of the stages of reform initiation, design and implementation in the NWSC.

**Question 2: How has customer-oriented policy performed in NWSC and why?**

This question requires the establishment of whether the intended effects and outcomes of customer-oriented policy were achieved, and why were they achieved as established. First, evidence will be adduced as to whether user voice and provider responsiveness channels are applied in strengthening service relationships in order to empower customers. This will further be evidenced by the way the reforms have changed water user satisfaction and loyalty to the provider as part of the measures for strengthening the NSWC's orientation towards customers. The findings here will be triangulated with those described in Chapter 6 which are obtained from household water user surveys. The second set of general outcomes resulting from reforms includes changes in the quantity of water services, as characterized by network expansion, household connections, more access by different categories of water users, more revenue generation, and ensuring that the right amount and quality of water is available. The third set of outcomes includes identifying changes in service reliability, affordability, the sharing of information on quality, effective complaint management and plans to develop into a water services based on demand. Fourth, strategies put in place for the monitoring and evaluation of the customer-oriented reforms will be analysed to establish their effectiveness in triggering continuous improvement. Analysis will be made of the extent of stakeholder feedback at different levels of the reforms. This analysis is covered in Chapter 5 of the thesis

that explains what actually contributed to water service outcomes both from both user and multi-stakeholder perspectives.

### **3. Are household connected water users satisfied and loyal to the NWSC as a result of responsiveness-to-voice reforms?**

Question two above covered some aspects of this question, but from different angles, and this question specifically analyses reform outcomes from a user perspective. As earlier explained in Section 3.2, in order to respond to Question 3, the specific research question for the survey was structured as follows: *Are variables of provider responsiveness, user voice, satisfaction and loyalty evident in urban water service delivery operations, and what are the possible relationships between them?* Therefore user questionnaires were designed to solicit views on changes in the attention being paid to user voice, the likelihood of this being acted upon by providers, and whether the services were satisfactory and have had an impact on customers' loyalty to the NWSC irrespective of it's the latter's monopoly position. The background factors that affect customers voicing their concerns, and water staff responding to them and possibly influencing their satisfaction and loyalty, will be analysed. Question 3 is answered in Chapter 6 of the thesis which covers the survey design, data analysis, interpretation and discussion.

### **Has the NWSC become more customer-oriented as a result of reforms? If so what are the consequences for user satisfaction and loyalty?**

The analysis responding to the main research question requires the aggregation of key findings from the secondary questions. This requires adequate understanding of how the problems leading to the formulation of the customer orientation policy were diagnosed, and

who was involved in the process. The reasons why some stakeholders were involved more than others, and how their level and degree of involvement led to supporting the reforms or not, need to be explained. Structuring the analysis in this way will help to find out whether the objective of gaining stakeholder consensus was applied in problem diagnosis, policy formulation, the implementation process and evaluation, ensuring feedback for continuous learning and improvement. There is, further, a need to analyse how the institutional, organisational and managerial changes were carried out and the leadership styles used to reduce resistance to change, as explanatory factors for results. This also emphasizes how the reform champions and teams were mobilised to be committed to take into account customer voice and ensure that provider staff valued this approach for turning around service performance. The analysis also intends to establish whether the relationships between customers and provider staff are more positive than in the pre-reform era because of innovations in complaint management and actual service improvement.

Further, the response to the above primary question at overall discussion level requires, where applicable, the allaying of fears that merely adopting, rather than adapting, the concept of customer service from the private sector cannot be appropriate for the public sector, as is overwhelmingly contested in public policy literature. Therefore in answering the overall research question, the study will attempt to respond to the key contested issues related to applying customer responsiveness in the public sector, where evidence can be adduced from the case of the NWSC. In particular interrogation will be done on how the management of the NWSC has tried to overcome some of these concerns by way of redefining its relationships with water users and providing them with mechanisms that facilitate an interface with provider staff.

### ***3.4.3 Methodological implications from the analytical framework***

The proposed analysis has methodological implications for questioning the effectiveness of channels of voice and responsiveness and, correspondingly, of the customer's right to query inappropriate services. Looking for evidence of whether staff are actually listening and taking into account customer voice is important to help us understand the extent to which customer orientation has taken root in the organisational culture of the NWSC. Further, it means interrogating the mechanisms for ensuring that consumer rights are applied in the reforms to see whether this has happened or not. The obstacles to responsiveness to user voice are interrogated in order to establish how they are being managed by both providers and users. The efforts to motivate staff to adopt a more customer oriented culture was considered an important area for institutionalising customer responsiveness. For the above proposed areas of analysis, the methodological theories that would influence the fieldwork were both interpretive and positivist approaches that implied different strategies for data collection and analysis. This required going to the community of water users, and visiting offices of provider staff and other stakeholders to be among them and find out what they thought about reforms and service changes. This approach would lead to a better understanding of the context and people's interpretation of the water reform situation in relation to key stakeholder expectations and service outcomes.

### ***3.4.4 Section summary***

The first part of this chapter provided a detailed statement of the problem from which the research questions were derived. The theoretical approaches of the research were discussed, and the analytical framework was described in relation to answering the research questions. The main variables relating to assessing the implementation of customer-oriented and responsiveness-to-voice reforms were identified as a blueprint for the rest of the thesis. The next part of this chapter reports on the research design and methods that were used in

collecting relevant field data, analysing the data and applying the evidence to answer the research questions.

### **3.5 Methodology and approaches used to collect and analyse data**

#### ***3.5.1 Introduction***

As stated in Chapter 1, this thesis seeks to provide a comprehensive understanding of the application of customer-oriented reforms in urban water supply in Uganda. Chapters 1 and 2 reviewed the issues upon which the research questions were developed, while the previous section of this chapter has elaborated the analytical framework to guide the rest of the thesis. Based on the research questions and aims, this section now provides an account of the approaches used in the study for data collection and analysis. Lastly, the management of ethical issues and practical research problems is discussed before the summary.

#### ***3.5.2 Selection of case study design***

The case study design was selected as a logical structure that incorporated the study goals and questions that were appropriate for studying contemporary phenomena in a real-life context over which the researcher had no direct control and also appropriate for drawing on multiple sources of evidence (Yin, 1994, p.78-101; Yin, 2009). Specifically, the presence of the phenomenon of customer-responsive reforms in urban water supply in Uganda, for which the NWSC provided the institutional setting that had experienced these types of reforms, justified its selection. The study purpose was to gain detailed and intensive knowledge about the research topic by using a flexible design that was amenable to multiple data collection methods that included user surveys, interviews, focus groups, documentary review, and participant and direct observation, as complementary rather than competing approaches (see

Grix, 2003; Boeijs, 2010). Relevant to the adoption of the case study strategy is the proposal by Thomas et al (1998) that, “Case studies are often used as a form of investigation aimed at informing development policies and public action. However the use of case studies is more like a framework for investigation than a specific method. Within that framework you can expect to use several methods, notably semi-structured interviews but also including data analysis and surveys, if appropriate.” (p.307). All these considerations contributed to using multiple sources of data using an iterative framework that is described in Figure 3.1 below as a strategy to obtain the most relevant and sufficient data that could answer the research questions.

Another consideration for selecting multiple data collection and analytical approaches for this case study was the way the research questions were structured. In our case, the research questions included “what” “how” and “why” questions. For “what” and “how” questions about contemporary events over which the investigator has no control, Yin (2003; 2009) suggests a quantitative survey or an archival research strategy. This survey strategy is considered advantageous when the research goal is predictive of certain processes and outcomes, in an environment where the researcher has no control over participants’ attitudes and behaviours. On the other hand, the “why” questions are better addressed by qualitative research methods that are amenable to in-depth investigation of a particular case or cases to illuminate as far as possible in a flexible way the direct causal processes that work in a particular setting. Thus, consistent with Creswell’s (2008) criteria, a case study strategy that includes a mix of survey research and qualitative research emerged as the most appropriate strategy for collecting data that could enable competent assessment of the extent of customer orientation as a result of reforms in the NWSC. Similarly, it is suggested by Thomas (1998) that the simultaneous use of both survey and qualitative approaches makes it possible to



answer the “why” questions differently where the former pursues general laws while the latter focuses on particular instances that can contribute to generating, rather than only testing, theories (see also Boeije, 2010).

### ***3.5.3 Application of multiple approaches***

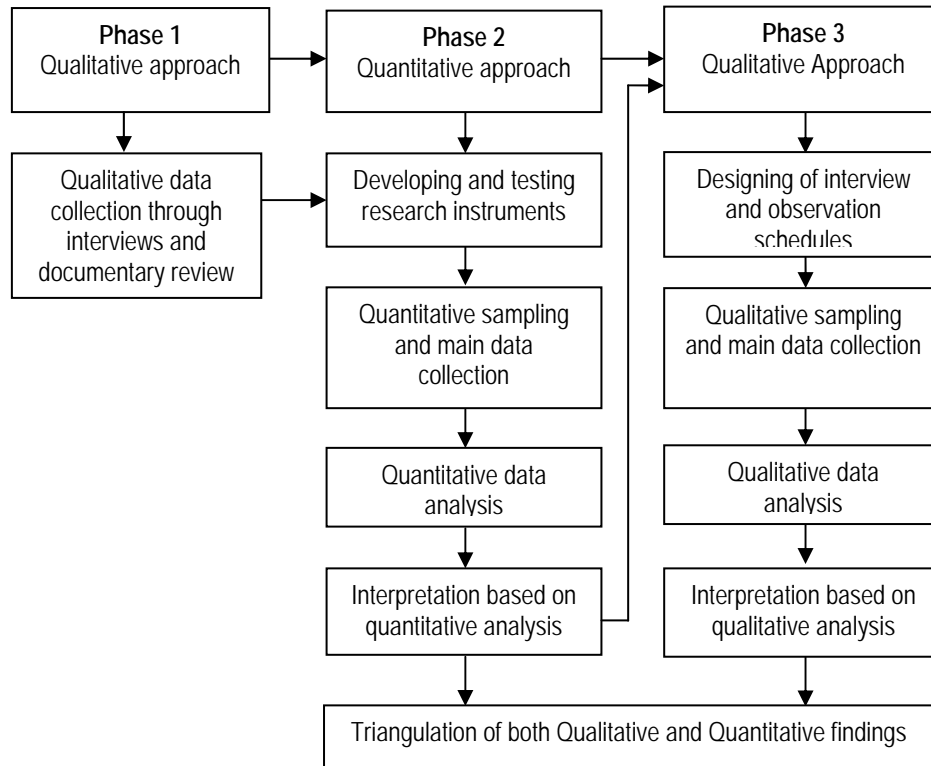
The strategy of multiple approaches for data collection and analysis was adopted, as this is encouraged for a case study design as described above and specifically based on the study goals and questions. These approaches provide a variety of alternatives that are suitable for achieving the research objectives within an unpredictable context. The theoretical perspectives supplied by the analytical framework justified the focus both on simultaneous theory building and testing in the analysis, in order to triangulate at a theoretical level (see also Cresswell, 2008; Cresswell & Clarke, 2007).

In spite of the differences and lack of agreement on the most appropriate social research methods, there is an emerging consensus that recognises similarities and synergies when different approaches are used together to solve especially contentious research problems such as the appropriateness of ongoing reforms in the public sector (Bryman, 2006). Each approach can play a useful role: for example, the interpretive perspective that has been more commonly used in policy analysis can contribute to understanding the context, individual experiences and perceptions in a way that is better for generating competing theoretical propositions. Therefore, it is important to recognise that in practice there is no approach that is generally acceptable, or superior to another, as it essentially depends on research objectives and questions designed to resolve the research problem (see also Onwuegbuzie & Teddlie; 2003). However, this recognition does not disregard the necessary ontological and

epistemological implications of the methodology we apply, which represent our preferred world view that sometimes unconsciously influences our analysis and interpretation of data.

Therefore, the emerging pragmatic research perspective implies choices that have to be made with the aim of capitalising on the strengths and minimising the weaknesses of each approach, in order to strengthen the justification for the research argument (see Teddlie & Tashakkori, 2009). Preference for one approach against another cannot therefore be productive in its own right without the scientific justification of gaining as much relevant information as possible to better understand the research topic. Further, the potential strength of using multiple approaches is that the biases of one method can potentially be checked by the other methods, which produce relevant information from related but different perspectives (Cresswell, 2008). Therefore, the present study primarily uses a pragmatic approach that includes both interpretive and positivist approaches, mainly for synergetic benefits and flexible world views that accept knowledge creation as an interaction of multiple perspectives. The mix implies taking into account the fact that the interpretive approach views human experience as a process of lived experiences and interpretation, as compared with the secondary perception of the external phenomenon that is advanced through the positivist approach (Onwuegbuzie & Teddlie, 2003). This informs the underlying theory of research methodology that handles the aspects that are relevant to the qualitative and quantitative aspects of the research questions simultaneously, in order to develop appropriate answers to the research questions. Therefore, the strategy of inquiry adopted for the study was a three-phase sequential approach as illustrated in Figure 3.2.

**Figure 3.2: Mixed methods design**



*Source: Constructed by the researcher*

In Figure 2 the sequence of mixing methods of the research design is diagrammatically elaborated and this is explained as follows. The first phase involved collection of qualitative data through interviews, in order to explore and generate themes relating to how customer-oriented policy had been designed and implemented. Then, based on these themes, a survey of user and provider perceptions was used in the second phase to establish general understanding of how they perceived customer orientation and responsiveness to voice reforms to have to have taken root in the operation of urban water supply with implications for user satisfaction and loyalty (see also Creswell & Clark, 2007). The third qualitative phase involved exploring participants' views in more depth in order to verify some of the findings of the survey data from phase two. These stages were envisaged to be useful in assessing whether customer-oriented reforms, and in particular responsiveness to user voice approaches, have been properly designed and implemented to particularly meet the needs of service users. This

approach reflects that suggested by Mouton as, *“It is common in implementation evaluation studies to utilise all available modes of observation: both structured (questionnaires; test; scale) and less structured (focus group interviews; participation; observation), as well as analysing existing documentary sources (annual reports; field records; participation records etc.)”* (2001, p.159).

### **3.6 Pilot study**

The main purpose of the pilot studies and pre-testing of research instruments was to ensure that they were fit for the study purpose and also to assess the requirements for managing the scope of the main study. This research strategy therefore involved fieldwork to facilitate gaining access to an intimate knowledge of the people and situations relevant to the study, as against only applying normative or theoretical considerations in interpreting the phenomena. It is nevertheless not an easy process, as access may be subject to potential problems that need to be anticipated and planned for prior to the main study. It actually means negotiating entry into the field with gatekeepers throughout the research.

The fieldwork was principally motivated by the kind of data required to answer the research questions and also dictated by initial fieldwork experience. To adequately prepare for the final study, preliminary interviews and focus group meetings were conducted to gain insights on the ground in relation to the research context and perceptions about the need for, and continuation of, customer oriented reforms in the NWSC. Further, this was to address the prior understanding of the general knowledge of the potential respondents, for example household connected water users. The participants were asked whether they felt that ongoing reforms were appropriate and beneficial to them. Pre-testing was helpful in unearthing some

inevitable problems that could constrain the surveys, such as the effects of illiteracy and past poor water service experience. Piloting also helped in ascertaining the time taken to administer questionnaires and to collect the feedback for analysis.

The pilot study assisted in reframing the research questions to correspond with the reality of the management of urban water supply in Uganda. There was a lot of input by service users, providers, policy makers, the Board of Directors of the NWSC and representatives from government departments, based on preliminary surveys and interviews, including evaluation of documentary evidence to familiarise the researcher with the reality in the research setting. Although the researcher considered that quantitative surveys were likely to explain the relationships between variables, it was considered useful to use qualitative methods that understood people's perspectives, knowledge and opinions and would illuminate institutional performance within the political economy of Uganda.

The pilot study also helped to clarify the magnitude of fieldwork needed in terms of resources and personnel. It was found necessary to use research assistants to distribute questionnaire forms and collect them up when they had been filled in by water users. The criteria for the selection of research assistants included (i) knowledge of the predominant local language spoken in the urban areas (ii) previous experience in academic research: and (iii) suitable personality of individuals in terms of a pleasant manner, accuracy, reliability, motivation and appearance (see also Newman, 1994). The research assistants were given a specific brief to facilitate their understanding of how to manage the survey. The questionnaires did not have to be translated into local languages; those who could not read English could barely read in the local language either. The intended meanings of unclear terms were clarified for them in their local language by the research assistants to ensure as little distortion of meaning as

possible. The researcher took the overall responsibility for ensuring appropriate administration of the questionnaires and checked any errors that could be corrected during the fieldwork and data analysis.

The sample for the pilot survey was structured as follows. The middle-income areas are residential areas occupied by the medium category of the working classes. The semi-permanent areas are those with semi-permanent buildings that have not been approved by the authorities. The high-rise areas are those for the upper income-groups, near the city centre and are well planned with more assured access to piped water. The respondents in each category were as indicated under Table 3.1 below.

**Table 3.1 Pilot user survey in Kampala**

	No. of possible respondents	No. received
1) Slum areas	10	8
2) Middle-income areas	10	9
3) Semi-permanent areas	10	10
4) High-rise areas	10	10

*Source: Own summary, 2004*

This indicates a high response rate as the researcher personally followed up the collection of responses. The general results from the preliminary interviews and discussions, comments and responses from the various stakeholders established the issues that led to a subsequent review of the final user survey questionnaire. The recurring comments included: the need to leave out irrelevant questions, unnecessary duplication of questions, and having too many alternatives in single questions.

Re-wording of the questionnaire, especially in the introductory sections, was incorporated in

the final questionnaire version. It was intended therefore to be specific, remove vague questions and abstract terms and make the question items mutually exclusive and non-repetitive. The covering letter was found to be simple and clear and was therefore adopted for the final study.

### **3.7 Administration of the main data collection**

#### ***3.7.1 Introduction***

As observed above the main data collection required fieldwork to collect data from different sources and at different times based on considerations of ease of access, what was significant in the approach to getting relevant evidence at different stages, and the possible limitations of each approach. In the case of qualitative data collection there was constant reflection on the themes adopted in the literature and continuous assessment of the appropriateness of the research design, data collection and data analysis. As evidenced under the analytical framework, the different research questions required data from different sources and therefore different techniques for analysis and triangulation (see also Teddlie & Tashakkori, 2009). Generally, data collection procedures included a pilot study, selection of a case study, clarifying multiple units of analysis that were related to reforms, and interfacing with the research participants to obtain access to the study area that was relevant to illuminating the research problem. The researcher was involved in this process from July, 2004 to January 2005 in Uganda. However, due to the time lag between 2004 and 2009, the study was reviewed over this period through further interviews, data verification and attending evaluation workshops that triggered critical feedback on the initial findings, thus

incorporating a longitudinal perspective on which the strength of the thesis is built.

### ***3.7.2 Cross sectional user survey design***

The survey method was found easier to administer, where respondents could fill in the questionnaires independently and where guidance was needed from the research assistants to interpret some of the contents. User questionnaires were found to involve lower costs, wider geographical coverage and were easier to implement compared to other questionnaire methods such as telephoning and structured interviews.

This study initially used a cross-sectional survey design to collect data from households connected to piped water services (See details of survey design and results in Chapter 6). A cross-sectional survey design was preferred mainly because of its advantages in terms of the economy of the design, the rapid turnaround in data collection, and the possibility of identifying the attributes of a population from a sample (see also Creswell, 2008). Further, customer surveys were preferred based on the understanding that good research involves assurance about the reliability and validity of the methods used and the use of established techniques. It also involves random sampling that can be truly representative of the total population of the study and data that can be expertly be analysed.

### ***3.7.3 Sampling***

The sampling method for participants involved in user surveys is reported in Chapter 6. For the participants involved in focus groups and interviews, purposive sampling was applied with consideration of whether the provider staff were key informants in terms of their roles in interfacing with customer issues and actually implementing reforms. Service users were



selected according to ease of access and agreed venue for discussion or interview. The number of interviewees is summarised under the section reporting on how interviews were conducted and why, as below.

#### ***3.7.4 The interview techniques***

Interview techniques, whether structured or not, are one of the most commonly used approaches in social science as they involve getting reliable data from key informants, for example (see Grix, 2001). Consideration was made of the type of data to be generated from interviews by developing an interview guide. The necessary contacts were made with respondents in advance to make appointments for the interview. A recorder was used to record the interviews where there was no objection to recording; or alternatively notes were taken to capture key responses and these were immediately transcribed and their content analysed.

Semi-structured interviews were also found useful in probing and exploring in-depth experiences and perspectives and these are widely used in sociological research (Mouton, 2001). They were used to collect various views on customer service reforms and whether the respondents had experienced service changes as a result of reforms in the NWSC. The interviews involved reflective research questions with a possibility of modifying the enquiry due to unanticipated evidence. The researcher used face-to-face interviews as a data collection technique that was situational and generative where one establishes a direct relationship with the respondent to gain trust by virtue of physical presence. The interviews facilitated access to in-depth knowledge, but with some level of control on the type of information required through prompts that were topic-focused.

Semi-structured interviews were regarded as appropriate for both service-users and providers. The semi-structured interview technique falls between the structured and un-structured interview types. This was adopted as an instrument to obtain responses from interviewees through open-ended questions rather than mostly pre-determined categories. The length of the interviews was determined by the time available, and the respondent's knowledge and willingness to provide the necessary data relevant to the research questions. The average length of the interview was about 30 minutes. The interview schedules for water users, providers and key stakeholders are attached as Appendix 2. This approach enabled the researcher to gain rich data on the context of customer oriented reforms , and on perceptions of water service delivery satisfaction and loyalty in relation to user voice, and provider responsiveness was investigated in more depth and breadth as additional findings to those of the survey. Therefore interviews were simultaneously used as a follow-up to questionnaire surveys in order to seek clarification, explanations and validation of data from the surveys. The total number of interviewees is as in Table 3.2 below.

**Table 3.2 Number of interviewees**

	Number
Service Users	<b>20</b>
Provider staff	<b>23</b>
BoD, Gov. Officials, Consultants & NGOs	<b>18</b>
<b>Total</b>	<b>62</b>

*Source: Own summary, 2009*

The interviews of 20 service users and 23 service providers were completed by the end of December 2004 (see interview questions in appendix 2). The interview of Board members, civil society representatives and government officials totalling 18 people was additional done to establish how key stakeholders perceived their roles and the benefits from reforms, if any. It was found that the semi-structured interviews provided an in-depth research approach that

established what was important in investigating, due to its flexibility. However, it was also established that interviews require complex skills in handling participants and assuring them about the type of information required and the reason it is being collected. This is in order to avoid being told what one wants to hear, i.e. bias in the research findings. Further, the interview technique was selected to complement other primary data and secondary sources of information that were vast, including government and NWSC publications and reports, newspapers, legal documents, consultancy reports and individual publications.

### ***3.7.5 Participant and direct observation***

Yin (2003) identifies two different modes of observation, such as through field visits to case study sites. Participant observation is a special type of research investigation that takes place in social situations and has the strength of private observations that are less structured and spontaneous in giving a realistic picture. The observations extended to experiencing the NWSC debates in review workshops where different professionals thought reform priorities should fall under their individual departments and within their narrow interests.

Further, direct observation in this study was used as a distinct method in social research that validates various responses and behaviours in order to come up with plausible findings and conclusions that contribute to original knowledge. For instance, while collecting field data the researcher made direct observations of how frontline staff attended to customer complaints. This was useful in verifying some of the findings from data collected through the other techniques and instruments elaborated under this section to come up with a more realistic picture of the study (see also Cresswell, 2008; Bryman, 2006; Punch, 2003).

The observation technique was also found to be flexible for including participants and non-participants and can also be structured or non-structured. The aim of the observation technique was to be among the subjects in order to discern specific patterns of behaviour, gestures, use of language, symbols and traditions in a natural setting that best depicts the reality of what is being researched, without any outside control or manipulation. It involves recording some snapshots of empirical phenomena in which you may decide to be involved in a very limited way, such as through physical presence, without pre-empting any attitudes or behaviours of the subjects under study. In my case, the observations included but were not limited to attending reform review workshops only sometimes playing a passive role that could not directly affect the events. Observations also involved concentrating on specific categories of information for classification as responses to particular sub-questions. Observation also involved the researcher interacting with the significant actors and the data to modify preconceived concepts, notions, expectations and assumptions as a value addition to demystifying stereotypes. Observatory research needs support from other data sources and established theoretical lenses to be useful in comparing perspectives and therefore improving the analytical value of research (see appendix 2 as observation guide).

### ***3.7.6 Review of documentary sources***

Documentary evidence was found to be in various shapes and sizes ranging from official and private documents to personal letters and memos accessed through the generosity of NWSC management. The data gained from documents can be analysed technically or just through the way particular responses are valued as relevant to certain questions. The purposes of the documents were reviewed by evaluating the technique for collecting data, and therefore interpreting it, from different stakeholder perspectives. This approach was found suitable for use in obtaining archive data for historical and service trend analysis. The print media was

found to be useful, as the corporations' activities had largely been evaluated by the public through the media. For example, internet searches using <http://www.nwsc.co.ug> and also particular newspaper websites produced a lot of articles on the urban water situation some of which are cited in the analysis. There was not enough time to analyse all these and give a complete picture of how the corporation was accountable to the public before and during the reforms. This was found potentially to be a good approach for analysing independent public views on public sector reforms. Newspaper commentaries in particular, and archives of recordings of reform forums, were also used to evaluate how water users and other stakeholders responded to reforms.

Documents, whether historical or contemporary, are a rich source of information from different perspectives which some researchers are tempted to use as a sole source of policy analysis information (Punch, 2003; McConnell, 2010). Given that this research has been ongoing since 2004, I had access to various documentary sources that include internal and external reform review reports, NWSC newsletters, donor/consultancy and NGO reports, and publications both managerial and academic from key stakeholders, and these have been useful in providing evidence for assessing the customer service reforms. Laws and regulations were also accessed for information on the institutional framework of reforms and to establish whether managers had enough autonomy to establish service enhancement policies internally within the overall policy framework for service reform and improvement. The reports which provided the situational analysis were also found to be useful in providing pre-reform information on how priorities were arrived at. Access to these resources was partly facilitated by my having worked with the privatisation unit and the ministry responsible for water. The MD also gave me a copy of his recently published book for comments which benefited me so much in analysing how he championed the reform process, and I applied some of his ideas

with due acknowledgment.

It was found necessary to understand the local social, political, environmental and economic context of public utilities in Uganda by using secondary data from the Uganda Bureau of Statistics (UBOs) and Privatisation Unit (PU). Further documentary evidence, such as from the NWSC Board's archives, the Unitary Monitoring Unit and annual and audit reports, were analysed and findings were integrated into the study to give baseline data. A secondary data review was found valuable in giving context to what and how research questions addressed in the study. The documentary review further included materials that are published and unpublished, for example studies and performance reports which have largely informed the research findings of this study (see documentary review guide in appendix 2). The intention for looking at multiple documentary sources both internal and external was to authenticate their reliability and validity.

### ***3.7.7 Focus group interviews***

Focus group interviews usually involve the researcher and a specific group of people who are experienced in phenomena such as a reform, and in these interviews the researcher facilitates discussion of only some general issues which are then discussed in detail in an unstructured manner. (see focus group schedule in appendix 2). Usually, members of the group can give contacts for other people who are knowledgeable on some issues –that is a snow ball technique of sampling which was used especially among community leaders who knew of individual water users.

Group interviewing was helpful in generating useful data and these involved talking with

several people simultaneously instead of one at a time. This approach has been commonly used in political research and marketing and is now equally popular in social research (Grix, 2001). This research approach was found to play a positive role in gaining data related to diverse views and from different people at the same time a responses to the study questions and generally to the topic that was the focus of the discussion. The approach stimulates people to make explicit their views, perceptions, motives and reactions related to their behaviour and attitudes on a particular real life situation. The ideas generated are deemed to be attributed to the group and not to individuals and they are authenticated. They involve orientation to mobilise people to gather at the agreed venue and time and also to facilitate the discussion.

In summary, the use of different approaches helped to holistically analyse the application of customer orientation in NWSC from different perspectives and levels of the policy process. This implied that different data analysis and consolidation techniques were used, and these are described in the next sub-section, especially for qualitative data, while for more details on surveys see Chapter 6.

### **3.8 Data analysis and interpretation techniques**

Since the study used multiple approaches to data collection, there was a need for triangulation of different data sets to minimise the chance of biased findings. The strategy was to build on the strengths each data set to a get better view of the different perspectives and evaluate how they were relevant to the questions, in order to avoid superficial interpretations and conclusions. The study applied both qualitative and quantitative data analysis because of the use of mixed methods that were found necessary to get the relevant data for responding to the

research questions. Data from sources was transcribed ready to link observations to themes identified through the analytical framework.

In the case of the surveys, data entry errors were checked and cleaned using a combination of random spot checks on the main database view window and preliminary analyses involving frequency summaries and maximum/minimum scores. All entries falling outside acceptable limits and boundaries were tracked down to individual cases and corrected accordingly. A further step in data preparation was to transform reversed items and intention scales so that all scores on scale items were in the same direction. The researcher ensured that data preparation was appropriate by checking to see that it was well entered, and checked to see missing entries and to ensure the relevant analytical techniques were applied. This is a crucial stage in making sense of data that must be well handled to get the most out of data.

Linear correlations were done and results reported by stating the research objectives and hypotheses and the tests used to analyse them. Linear regression was also applied to various combinations of user voice, provider responsiveness, user satisfaction and loyalty, with the intention of specifying the predictor effects. The detailed analysis of quantitative data is reported in chapter 6 which provides the survey design and results.

In qualitative research, appropriate analysis and interpretation depends on how data was collected and is one of the most important stages as a follow-up from fieldwork that is useful in marshalling evidence for developing the overall research argument. Therefore, data analysis was done according to themes or variables identified in the analytical framework and incorporating emerging themes from the field that were not foreseen and which required reviewing the analytical framework to reflect the field situation.



Further, the goals for collecting a particular kind of data shape its analysis and interpretation. Analysis of qualitative data involves the breaking up of the data into manageable themes, patterns, trends and possibly predictive relationships that can be useful in constructing new, and even testing old theories. Therefore, the interpretive data analysis involved the linking of concepts, constructs or variables to establish patterns or trends that could be isolated as evidence for answering research questions. Interpretation involved the synthesis of different data sets to form a coherent whole in reference to the study assumptions or hypotheses. However, care was taken to make sure that inferences did not use irrelevant data by being selective in filtering out what was critical to the study.

The data from interviews, observations and focus groups was transcribed, internalised and categorised in relation to the research themes and summarised as evidence to respond to the relevant questions for the study (see also Silverman, 2001). The documentary evidence was referred to where it was considered appropriate in responding to the research questions, comparing the evidence with other sources and narratives included in the analysis chapter as evidence, and to ensure anonymity data summaries were given codes, where respondents declined to be directly identified (see interview summary in appendix 3).

Depending on the methods used to gather data, the type of questions and the units of analysis, the case study data can be subjected to multiple levels of analysis (Punch, 2003; Cresswell, 2008). For qualitative data, the process of analysis was interlinked to data reduction and display, conclusion and verification, to achieve reasonable validity and reliability. Data reduction was guided by the way information analysis was clarified within the analytical framework. This was in order to answer the research questions adequately and contribute to the overall research argument that would demonstrate verifiable knowledge. There was also

use of thematic content summaries that were reviewed throughout the data analysis and internalised in order to filter out issues that were not relevant to the research questions.

### **3.9 Management of ethical issues and practical problems**

Any investigation, including detecting crime, can apply underhand methods for getting access to data that is less subject to professional regulation. However, if this approach were accepted in scholarly work, then the integrity of this work would be questionable and this would potentially lead to the undermining of subsequent research efforts. Therefore ethical issues and practical problems can be moral dilemmas and occupational hazards that require communication and trust for ensuring a good research interface, especially between the interviewers and interviewed (Boeije, 2010; Punch, 2003). The concern for ethical issues has been well addressed by social science organizations, including institutions of higher learning, to minimise the possibility of harming potential participants. Particularly in qualitative interrogative research, where there is a high degree of intrusion in participants' lives, this can potentially lead to practical problems that need to be well managed if the research process is to succeed. Consequently, it was found that an appropriate interface between the researcher and participants is necessary to increase response rates. To develop these relationships permission was needed to record data and get in touch several times with busy people based on their voluntary consent. The permission letters from the NWSC, the National Research Council, the University of Birmingham and myself constituted an introduction that assured participants of confidentiality and anonymity. These letters are attached for ease of reference as appendix 7. Further, it was ensured that ethical issues in research involving human subjects that included harm, whether physical, psychological or legal, were taken care of. This was done by ensuring that the local councils were aware of the presence of the researcher in their respective areas by introducing the purpose of the research to potential respondents.

Issues of consent, trust, privacy, anonymity and confidentiality were also communicated to the participants prior to getting information from them.

Specifically, the researcher addressed the ethical issues that were anticipated. First, to avoid psychological stress for respondents, the questionnaires were written in simple English and the interviewer had to interpret and explain the contents of the questionnaire to those respondents who had some queries. And those who expressed total ignorance about what the questionnaires meant, or who for undisclosed reasons did not want to be involved, were left out. Participation in responding in interviews was voluntary, with a clear option not to respond to sensitive questions such as those related to the occurrence of illegal water connections and the possibility of corrupt tendencies existing.

Second, the researcher solicited informed consent from the respondents before administering the questionnaires and conducting interviews. The same also applied to participants in the focus group discussions and those from whom some documentary evidence was derived, to minimise suspicions about possible unwarranted data use. In addition, the cover page of the questionnaire and the invitation letters for focus group discussions and interviews provided a brief description of the purpose of the study and a statement that participation in the study was completely voluntary and would have no negative consequences whatsoever.

Thirdly, concerns relating to privacy, confidentiality and anonymity were minimised by guaranteeing in the research introductory letter and also physically when the researcher met the respondents, that there would be data protection, and the results would be published only in summary statistical form (see also Punch, 2003). With the exception of a few of the respondents requested to participate in subsequent interviews, most of the data collection was

a ‘one-off’ undertaking, thus making it less intrusive and less of an imposition on a respondent’s privacy. However, in the case of some key informants such as the MD, who has published several documents that are internationally in the public arena, these people did not mind their contribution being directly acknowledged, provided it was not negatively interpreted through selective use of responses.

Fourth, the researcher ensured that the necessary clearances for research in Uganda were obtained from the National Council of Science and Technology (NCST) within the first two weeks of July 2004, and this facilitated the co-operation of the NWSC management. The management subsequently issued a letter to customers introducing the researcher and the purpose of the research study and indicating its subject-matter and its importance. Attention was paid to the principle of voluntary consent by assuring the respondents that they were participating in the research of their own free will. This assurance was important in establishing the necessary commitment from the respondents to participate in the research without fear of their integrity being compromised.

Fifth, it was found necessary to take into account risks and opportunities during fieldwork that could potentially threaten participants. For instance, there were potential fears that when it came to carrying out research on urban water supply users, these would potentially include illegal users, given the diverse networks that would be difficult to monitor on a 24/7 basis. This meant controlling the level of intrusion in people’s lives and guaranteeing to them that they would not be exposed to any potential danger.

Sixth, by introducing the purpose of the research, the level of power differentials and potential mistrust between the researcher and the researched was reduced, given that the researcher was

also known around the study area for having particularly coordinated the restructuring of telecommunications in Uganda as a senior government official. The issues investigated were related to current water services in their respective areas that were within the knowledge of the respondents, and respondents were not burdened with technical water issues that were out of the scope of their understanding. On the demand by some respondents about the potential benefit of the research they were informed that the NWSC, as stated in their acceptance of the research, would most likely use the results of the research to improve water service delivery.

Finally, the researcher over time became so familiar with the research setting that he came to know the inside workings of the organisation because he had taken an empowering rather than only a fault finding stance in dealing with the NWSC research and reform environment.

### **3.10 Explanation for variation in the scope of the study**

The study was conducted mainly in Kampala where 70 % of the NWSC customer base is. The reason for selecting Kampala was that it has diverse categories of population, terrain and dispersion and these could raise different water related concerns as evidence for rating and understanding reforms. By focusing on the decentralised areas, the interrogation, especially of staff and water users in those areas, gave a more useful insight into how the reforms have led to more customer care based on the identified research themes and experiences in their specific areas.

There was an inevitable variation on the earlier scope of the study. Instead of focusing on the effectiveness of responsiveness to voice channels in the NWSC, an overall analysis of customer oriented reforms became the main focus, given an extended period of analysis from

1998 to 2008. This study, due to logistical and time constraints, was conducted mainly in Kampala, the capital city of Uganda, but also in a limited way in the major towns of Entebbe, Mbale and Jinja where questionnaire surveys and interviews were used.

The household water user survey was basically cross-sectional quantitative data collection carried out mainly in 2004/5. However, the qualitative approaches were longitudinal because during my stay in Uganda while I was recovering from illness more data was collected and this covered a continuous period up to the end of 2009 when I finally came back to Birmingham. This enabled me to reevaluate and validate the earlier investigations and results from a short to a long-term observation of changes in water service delivery. Also, through attending quarterly performance workshops at the NWSC, the study was enriched to take into account the current state of affairs in the organisation. I made presentations to the NWSC Board and Management during various review workshops (from 2004 to 2009) in different parts of Uganda such as Fort Portal, Entebbe and Kampala, and their responses were incorporated in the study findings.

The survey conclusions of this study are limited to household connected water users of the NWSC and those interviewed who used standpipe water provision, as they constitute the majority of the customer base in urban Kampala. This means the commercial, industrial and institutional customers are not generalised in the conclusions, as this could be a target group for further research. The sanitation or sewerage services are really thin on the ground, constituting a big problem for the NWSC in regard to the need for subsidies, as they cannot stand on their own as a business unit. These services were therefore not part of this study, as they could potentially overshadow the performance changes in water supply. However, during actual fieldwork, some participants felt that overall satisfaction ratings for the NWSC

as a result of reforms could not sensibly leave out its sewerage and social responsibility mandates. In fact, one respondent complained that having assurances about quality water in a potentially contaminated sewerage environment contradicted the water reform policy objectives.

The theoretical framework suggested by the World Bank (2003) analysing short and long route accountability and responsiveness scenarios was found to be contentious in the field, as conceptual issues such as what constitutes client power, user voice or citizen voice in their core relations to the water providers and policy makers were found to be of little significance to water users and beyond their lay understanding. Therefore the study used some general aspects of the World Bank framework of 2004, but with more focus on Hirschman's trilogy of exit, voice and loyalty relationships, which was found more relevant to analysing customer responsiveness in a business-oriented public utility setting such as that of the NWSC. The study conclusions are not therefore generalised beyond the above scope, and other limitations that became apparent in the study for further research are reviewed and highlighted at the end of the thesis in Chapter 7.

### **3.11 Chapter summary**

The analytical framework set out in this chapter provides for assessing the extent of customer orientation and the effectiveness of channels of voice and responsiveness and, correspondingly, how these affect user satisfaction and loyalty. This implied investigating whether NWSC staff were actually listening and taking into account customer voice. Such behaviour is important in helping to understand the extent to which customer orientation has taken root in the organisational culture and performance of the NWSC. The mechanisms for

ensuring that consumer rights are protected also need to be assessed: whether they exist at all, and if they do, whether they are effectively operational. The obstacles to responsiveness to user voice are also to be interrogated, in order to establish how they are being managed by both providers and users. The efforts to motivate staff to adopt a culture of customer care similarly need to be pointed out as an important area of investigation.

This chapter went on to outline the theoretical approaches upon which the research questions were developed. Then the analytical framework was developed in order to guide the fieldwork, data analysis and interpretation. It then provides an account of the research design and the rationale for the approaches used for data collection and analysis. Finally, the management of ethical issues and practical research problems is elaborated. A three-phase sequential qualitative/quantitative/qualitative approach was adopted in this study, as elaborated in Figure 3.1. The main justification for adopting this approach was to gain comprehensive evidence for the study population on their views, perceptions, attitudes and changed behaviours in relation to water staff and users that could be attributed to the reforms. The first phase utilised a qualitative approach to explore and generate these modal themes which were then used in constructing a measurement instrument for quantitative main data collection in the second phase. The findings in the second phase on the extent to which the NWSC had become customer-responsive were followed up with the third qualitative phase which was both cross-sectional and longitudinal, because of the requirement to recast the study.

The detailed procedures followed in developing the questionnaires were presented, including pre-testing of the instrument and the pilot study. The instrument was tested for validity and reliability analysis and the results were acceptable. Arising from the comments at pilot stage,



the instrument was improved for its main administration, as reported partly in Chapter 6. The procedures for sampling that included purposive for qualitative approaches and random for surveys have been elaborated in this Chapter and Chapter 6 respectively. Finally, the techniques used in analysing both the quantitative and qualitative data obtained have been briefly discussed in the relevant chapters, before outlining how ethical concerns were managed. This chapter has laid the analytic foundation. The following chapters – 4, 5 and 6 – present analyses of patterns of results and their relevance to the research questions apply the analytic approaches to the evidence gathered.

## **CHAPTER FOUR**

### **HOW WAS A CUSTOMER ORIENTATION POLICY DESIGNED AND IMPLEMENTED IN THE NWSC?**

#### **4.1 Introduction**

The previous chapter described the analytical framework of the present study, and the methodology. This chapter analyses how a customer-oriented policy was designed and implemented in the NWSC, from a multiple stakeholder perspective, as laid out in the analytical framework in Section 3.7 of Chapter 3.

The structure of this chapter is based on responses to the sub-questions below, which will help to answer the main research question:

- *What was the pre-reform situation in urban water supply in Uganda?*
- *How and to what extent were stakeholders involved in reform policy formulation?*
- *Why was customer focus selected as the major component of reforms?*
- *What were the reform objectives in relation to customer orientation policy?*
- *How was the implementation of customer orientation reforms conducted?*

#### **4.2 A pre-reform situational analysis of the urban water supply in Uganda**

It was considered important to understand the pre-reform situation in urban water supply in Uganda in relation to how it contributed to the triggering of reforms. The situation in urban water supply in Uganda from a historical perspective predates the establishment of the NWSC in 1972 where water supply was under Urban Water Boards which were under public service regulations and lacked capacity to supply increasing urban population with safe water. The

historical period under consideration here includes the colonial and post-independence eras, when public water supply was mainly the province of water engineers, who were hardly skilled in other aspects of management, such as customer care. The service was largely managed for the benefit of the privileged few, as the former minister of water acknowledged in an interview (M-05). As pointed out in the World Bank Report of 1998, urban water problems had escalated, largely due to the political and managerial decay that Uganda had experienced in the previous four decades. Prior to 1998, the Government, the NWSC management and donors mainly focused on expanding and maintaining urban water supply (to the tune of donor support worth \$100 million) to meet the increasing public demand (World Bank Report, 1998). However, the World Bank complained that in spite of this enormous resource there was little evidence to show significant changes in the sector.

To further illustrate the historical problems, and the limited success of previous supply-led reform efforts at improvement, one of the former ministers in charge of water, in an interview, argued that a lack of focus on crucial performance targets to meet customer demands was a major problem that had undermined performance in urban water supply (M-05). In particular, he claimed that financial, institutional, organizational and managerial bottlenecks largely constrained the performance of the corporation, especially in responding to the requirements of both existing and potential customers. The former minister, drawing on his anti-colonial activism, blamed the persistent water supply problems on the colonial era, when population growth in peri-urban areas was not well anticipated, prioritised and planned for. This situation, he argued, was compounded by petty corruption amongst water staff, indifferent customers, unjustifiably high water rates and general resource constraints that affected the sustainability of the supply.

The understanding of the pre-reform situation by the water managers through the analytical tools of strength, weaknesses, threats and opportunities (SWOT) and politics, economic, social, technology and environment (PESTLE) factors helped management to forecast the challenges and opportunities on the way forward in a more organized way (NWSC Pre-reform Performance Report, 1998). For example, the analysis established a number of problems, possible solutions and basically argued that the bottlenecks preventing effective water supply were as follows. First, it was observed that water service coverage in all towns with piped water was below the required targets, partly because of inadequate funding and poor management decisions on priority areas for expenditure. Second, there was a lack of capacity in the Department of Water Development (DWD) to closely regulate water supply, especially in relation to customer demand. Third, there were overdue and unpredictable funds disbursements and inefficient procurement systems that reflected poor financial management. Fourth, water quality testing and monitoring were both being done largely by the NWSC, and this compromised quality control and assurance, particularly since the National Bureau of Standards was also not very effective in ensuring quality assurance, due to its limited capacity. Fifth, there was a problem of unpaid bills and meter thefts, due to customer loss of confidence in the capacity of the NWSC to satisfy their needs in a responsive manner.

Sixth, there was political interference in operations, constraining management autonomy when it came to implementing service innovations and taking risks. Seventh, there were technical and administrative problems because of inadequate training and lack of commitment by staff to improving performance. Eighth, there was a concentration on the needs of the rich, with the poorer peri-urban areas being left underserved – a case of supply disparities with, in some cases, excess capacity and poor distribution capability. Ninth, the use of pipes that were too small led to unrepaired bursts that contributed to dry zones. This further compounded

distribution and logistical problems, while escalating the problem of water unaccountably lost and high operational costs that could not be recovered from poor customers. Tenth, there was a backlog of unpaid loans to funders and outstanding bills owed by the government. Last but not least, the President's Office was interfering in the appointment of the Managing Director and other top managers, thus creating uncertainty about whether performance was rewarded according to merit, and about job security.

The above problems, and this is not an exhaustive list, demonstrate the precarious situation in which the NWSC was operating and the challenges that would face the reform process. Although the historical perspective gives an overview of the background to the problems of the water sector, the specific reactions of various stakeholders are important in explaining how different policy priorities were arrived at. Some of the above problems were reported as having persisted since Amin's dictatorial era, when economic and political management broke down, due to the abuse of public office and assets by incompetent and corrupt staff. To improve water services, those particularly conversant with current government policies proposed institutional reforms, including increasing access to water and production efficiency, improved distribution and delivery and applying pro-poor concerns as part of the agenda for managing change.

Initially during the pre-reform era the different key stakeholders of the NWSC seemed to be aware of the problems facing the utility, but were passively watching the situation as it seems they did not to have the confidence and courage to suggest a radical way forward. Perhaps they were waiting for a politically driven opportunity to initiate the transformation of NWSC structures, culture, mandate, management and refocusing of water related priorities with their input as suggested by the MD. He claimed to have used his various communication,

mobilization, government lobbying and media publicity skills to bring them into the reform process (see also Berg, 2005). The strategy to bring various stakeholders into the urban water reform debates was based on the strong conviction that even without privatization the urban water sector with the right policies and management in place could have a future. This possibility was linked to guaranteed stakeholder support and management autonomy to steer reforms but under overall government supervision and regulation according to the privatization unit representative on the NWSC board (PU-05).

In sum the above assessment has helped us establish the context in which the urban water reforms were constructed and implemented in order to tease out the enabling and disabling factors to reform implementation and therefore likely influence on outcomes. One important aspect that has been briefly described above is stakeholder involvement which is critical to assessing the reforms and therefore needs further elaboration. This is done in the next section.

## **4.3 The stakeholder perceptions in reform policy formulation**

### ***4.3.1 Introduction***

The importance of identifying stakeholder involvement in the reforms is underscored in this section as a pre-condition for legitimacy. In the case of urban water in Uganda the key stakeholders are identified as both internal and external to the corporation and contribute in various ways to performance. The Board, management and staff are internal customers without whose contribution the services to customers cannot be produced and delivered in an appropriate way. While the government representatives, donors, service regulators, civil society, the unconnected poor as potential customers, suppliers and consultants are external stakeholders who could not be ignored in the reform process (MD -05). After discussing some of the stakeholder perspectives, in this sub-section we shall further analyse the degree of

their involvement in the reform design. We shall focus on how the various stakeholders' views influenced the balance between supply side reforms that were largely driven by water engineers and demand driven reforms particularly from the customers' perspective. The change management team leader acknowledged that, given the poor financial health of the corporation and its poor reputation, it was considered a priority to rely on water users to generate revenues and most importantly to make an input into designing service improvement interventions (World Bank Report, 1998).

#### ***4.3.2 Water managers and engineers views of the urban water situation in Uganda***

The water manager views on the water situation were assessed in order to compare them with those of other stakeholders in influencing the reform direction. The provider and user gap in service expectations and experiences is central in explaining the level of performance. In addition to recognising what water users felt were important problems, the water engineers (WE-04) categorised the problems identified, in order to facilitate selective management. First, there was need to manage the technical aspects to make sure that water was free from microbiological impurities. Second, there was supply unreliability, defined as interrupted flow for 24 hours in a day and 7 days in a week that needed to be addressed. Third, there was a concern with quantity supplied at any one time which includes water pressure at the point of delivery. On the other hand, the water managers (from commercial, financial, HRM, and corporate departments), in addition to acknowledging the importance of the technical aspects of supply, also focused on customer interface issues, such as putting customer demands first in framing all organisational priorities. Further focus was on financial management, quality as perceived by customers, staff problems, reputation, corporate social responsibility issues and environmental factors, as required by the performance contracts between the NWSC and the Government, which were all important water reform priorities.

Some of the water engineers interviewed (7 no - IWE-04) perceived that production and maintenance problems were central to the poor performance of the NWSC and needed to be addressed before anything else. One of the water engineers summarised the situation as below:

*“being nice to customers without providing them with the actual service does not make real sense . . . We water engineers understand the water problems better than anybody else. We need the funding to improve operations and maintenance, and the customer relations issues will be additional items to be dealt with when the physical distribution capacity is funded and in place ... ”*  
(WE-04).

The above observation basically shows that the water engineers were convinced that supporting technical solutions to water problems promised an improvement in what had in the past been poor performance. To justify why customer service was a priority, on the other hand, the new MD, in a 6 hour discussion in his office (MD-05), argued the first reform priority was to focus on the customer revenues as a first step in revamping financial performance. His argument, which became popular with most stakeholders, was that without aiming to satisfy customers, the technical interventions would be useless. The commitment to encouraging water users to voice their concerns represented an understanding of why water users are concerned about how the end product is delivered and consumed. This meant focusing on all valid water problems in order to cater for richer users as well as poor ones, with more focus on customer interface.

Both the water managers and engineers had some consensus on examining water problems in terms of established qualitative and quantitative categories, such as supply coverage, reliability, water quality, connection efficiency, management of customer complaints and other stakeholder concerns (WM-04 & WE-04).



Another perspective that captures a recurring customer attitude to water problems was summarised by an area manager (AM-04) who had worked with the NWSC for over 30 years. He acknowledged that pre-reform water sector assessment studies reliably pointed to various degrees of corruption, illegal connections, the designation of up to 60 % of water handled as ‘unaccounted for water’ (UFW), and a more supply driven than demand driven style of management. He claimed this had resulted in unacceptably high levels of wastage, supply interruptions, lack of customer care, over centralised bureaucracy, lack of focused company vision and mission, supply driven management, a low revenue base, limited network expansion, a backlog of unmet demand, lack of pro-poor water provision, poor bill payment procedures and increasing customer dissatisfaction.

The internal management report of (1997) that was intended to provide pre-reform problem diagnosis pointed out other problems of the NWSC, including: lack of access to potable water, the need for people to travel long distances, and sometimes to do so at a late hour, to search for water, poor quality water, corruption, intermittent supply, and lack of transparency in handling applications and repairs. Furthermore, there was wrong billing, rampant illegal connections, sometimes done in collaboration with corrupt staff, no effort to seek the views of water users, no complaint desks, neglect of civil society, no enforceable contractual obligations to ensure responsiveness and accountability, inadequate consumer representation, and no independent regulation of water supply to protect consumer interests. Highlighting some of these problems, was found to be important in shaping the agenda for change in water supply with effects on implementation and outcomes.

#### ***4.3.3 The water situation as perceived by water users***

The study also assessed whether water users of various income levels had differing views of the water problems that triggered reforms. The responses from the focus discussion groups

(FDG-04) of water users indicated that there was general pre-reform dissatisfaction with water services, partly because customer needs were neglected by the water providers. According to one customer interviewed, the water providers were using the existing problems as an excuse not to perform, in disregard of customer problems as their primary responsibility (WC-04). Among the urgent problems that some water users complained of were interruptions to water supply, low pressure and erratic billing for service – the last attributed to corrupt NWSC staff. In addition, the same customers expressed concern about a lack of strong responsiveness to customer complaints that included, most critically, lack of promptness in responding to requests for repairs, bill connections and reconnections.

Some of the water users (FDG-04)) had different and even conflicting perceptions of what constituted the main water problems, and different solutions to these problems. This contributed to the dilemma of what should be the highest priorities of the reform thus giving the NWSC management the autonomy to decide the way forward. For example, the majority of the poorer users in the Banda and Kamokya peri-urban areas felt that increasing cost and lack of easy access were the major factors influencing their dissatisfaction with present standards of water supply. In particular, women in these areas, who were desperate to get water for their household needs, believed that getting enough water was the real problem, while other users, who were connected to a household supply, identified water quality as their priority.

Middle-income respondents tended to have a consensus that reliable and good quality of water was the priority, as was concluded from a focus group discussion held at a Community Joint in Nakawa (FDG-05). To further illustrate the above water quality related priorities, another respondent from a middle income background (WU-11) observed that “.... with good quality

.... and realistic bills.... I should be more than happy to pay for water service whenever I received correct bills, in time to avoid punitive disconnection”. Further, respondents from upper-income areas were also more concerned with quality issues and how they were treated as customers, especially by NWSC frontline staff.

The wealthier water users who were connected at household level in the Kololo area, and who were mostly former government officials, felt that effective billing, good quality water and twenty-four-hour supply were priorities (WCK-04). Some of the above responses suggested that, once access is achieved, then, progressively, quality issues begin to count, especially when consumers are backed by the capacity to pay and have greater awareness of quality implications related to health, as is further illustrated below.

Water service priorities that reflect the importance of access first and quality later were further summarised by respondents from one of the slum areas (PWU-04), who described poor concerns as follows:

*” we want them – NWSC – to bring service to our door steps first, or at least to the neighbourhood, for all the time we need it, so that we don’t suffer from the high cost of water from the vendors and from walking long distances looking for water during times of scarcity, including night time, when our security is not guaranteed. After that, we’ll talk about good quality and costs of supply . . . We want basic access first. The problem is that we can do without electricity and telephones and, but our lives basically revolve around water”.*

The above comment suggests that water needs are dynamic and change after access is achieved, implying the need to continuously review service demands from different categories of consumers. Most respondents in focus group discussions (12 out of 15, FDG-05) who were from poor settlements expressed awareness of the need for reforms but were not sure

what type of reforms would solve the problems of the urban water sector. They claimed that the possible types of reform were technically, and also politically motivated thus limiting the potential for their influence these at an early stage. As one respondent commented:

*“...we sometimes read in the news papers, hear in meetings, on radio and TV about changes in the water supply, but we do know exactly what it means for us until we see water services in our area. Maybe the reforms are meant for those who can afford household connection. We hope that what the local councillors and MPs promised at the elections about bringing standpipes to our area becomes a reality, as I have heard some areas in the city centre have already benefited from these arrangements ...”(WU-07).*

Further, on the challenges and priorities facing the urban water sector in Uganda, the water reform the following attitude among service users as one who was interviewed said:

*“the government has many priorities, and I am not sure that water supply to us is one of them when it comes to funding as compared to other sectors ..I think no...We mostly make individual efforts to access water ...therefore our capacity to influence reforms is limited . . . But with an improvement in our incomes we would be able to make choices that would influence water providers to respect our demands and give us a supply that we could easily access ... The local political leaders can help, but of course it depends on what is on the priority list and budgeted for...). (Public Opinion Survey 2004: GTZ).*

The situation above suggests that poorer people perceived high water prices, lack of access, unfair and erratic private water alternatives and lack of affordability as the main justification for reforming the urban water service. However, after some of the above concerns are dealt with, their priorities tend to shift from quantitative considerations of access to, and affordability and convenience of, the service to more qualitative aspects such as customer care, and service quality and expectation, and they began to consider it a necessity to have some influence on decision-making by the water providers. Those who were not connected at household level felt that the tariffs charged by vendors needed to be regulated, with some

degree of quality assurance. The latter point seems to have been influenced by education programmes connected to the health concerns arising from untreated water sources, as claimed by an NGO official from Water Aid in Kampala (WA-04).

Further, the problems reported by the different water users appear repetitive, but this is important, for our analysis demonstrates that common, if varying, perceptions were important considerations in constructing a customer orientation policy as a strategy for resolving these problems. Some of the most frequently voiced problems that were collected by the complaints centre in Kampala and that justified the reforms in urban water services are (CCK-08) are summarised in Table 4.1 below:

**Table 4.1 Major problems reported by water customers to the Kampala 24/7 Call Centre**

<i>Open Manholes</i>	<i>Illegal connection</i>
<i>Leak on service connection</i>	<i>Illegal reconnection</i>
<i>Main leak</i>	<i>Meter bypass</i>
<i>Burst on Mains</i>	<i>Meter tampered with</i>
<i>Valve leaking</i>	<i>Low water pressure</i>
<i>Change of tariff</i>	<i>New connection delay</i>
<i>Delayed Meter replacement</i>	<i>Outstanding balance inquiry</i>
<i>Estimated Bills</i>	<i>Stolen meter</i>
<i>High billing</i>	<i>Change of account name</i>
<i>No Water bills</i>	<i>Dirty water</i>
<i>Un-credited payments</i>	<i>Disconnection on request</i>
<i>Faulty Meters</i>	<i>Delayed reconnection</i>
<i>Faulty stop corks</i>	<i>Defective meters</i>
<i>Exposed pipes</i>	<i>Promises that are not fulfilled by staff</i>

*Source: Kampala 24/7 Call Centre (2008)*

The table 4.1 above list some of the problems, which were communicated to frontline staff at call centres and constitute the most critical issues that the reform of a customer-oriented water service should address. The adequacy of the framework put in place to resolve these issues would reflect the success or otherwise of the reform, and will be further evaluated in Chapter 5. The majority of customers interviewed were of the opinion that the current cost of water was high, and the culprits were identified as private water vendors who charged more than four times the established tariffs. As one respondent remarked, “Those who buy from vendors pay high prices, sometimes up to Ushs 200 per 20 litres of water, when National Water charges less than Ushs 20... This is one of the reasons why we do not view privatisation of water as a solution” (WU-04).

As noted above, the different categories of water users that include the rich, middle income and the poor tended to differ in their opinions, according to the gap between their previous and present experiences and expectations of water supply. These differences are not surprising and as the MD argued that it should be a sound basis for more inclusive policy formulation, implementation, monitoring and evaluation. Those who had no household connections to the NWSC supply believed that there was little chance of being connected if donors and the government did not put in place funding and good management (WU-04). Of particular relevance to the poor was advocacy for more regulation of informal providers and protection for alternative water sources like boreholes, wells, water tankers, vendors and springs, to help the more vulnerable water consumers.

The above analysis involves mainly the views and experiences of water users and so gives a rather limited understanding of water supply problems from other stakeholder perspectives. Therefore next we shall try to establish how water service problems were perceived by the

media, consultants, civil society, policy makers and donors, who were equally important players in driving urban water reforms in Uganda.

#### ***4.3.4 Perceptions by policy makers, consultants and donors on urban water supply***

The diversity and points of agreement need to be mainstreamed in appropriate policy formulation and therefore implementation. In this case the perceptions of policy makers, consultants and donors as key stakeholders in urban water supply were analysed in order to demonstrate how they influenced policy reforms. While indicating his perception of the gravity of water problems, the policy analyst in the Ministry of water remarked that, due to the barriers to accessing safe drinking water, people were opting for alternative sources, even when these were unsafe, mostly because of their lack of access and ability to pay. However, he also noted that the problem of the affordability of water tended to be exaggerated, as even poor people spent more of their income on transport, electricity and telephone services, yet these were not essential compared to water. When asked why they spent so much of their meagre income on alternative water sources like vendors, some poor people's representatives pointed out that when they were frustrated with the NWSC they chose uncompetitive options. Although the available options did not guarantee sufficient quantity and quality, and were expensive, they were used as a last option with the hope that reforms would bring about a positive change that would particularly benefit those who had no access at a residential level.

The Minister of state in charge of water in 2000 in her policy speech to all key stakeholders observed that the government had shown consideration for how customers were treated in initiating the reform process as follows:

*“As a way of supporting incremental reform initiatives . . . government has gone a long way in ensuring that water tariffs are affordable compared to other utilities like telephones and electricity, which have already been privatised . . . However, the priority now is to ensure high quality water that is available on a twenty four hours basis . . . Disconnections for payment default or any other reason should have a human face, which is why I opposed privatization, which treats water as a commodity with disregard for the poor . . . Notice of cuts for any reason should be announced early enough so that they can store enough water.”(MI-04).*

The above observation illustrates how the government was taking on board a variety of priorities to ensure that water was reformed based on the need for convenience to all citizens and their satisfaction. This approach partly demonstrates the way urban water supply was regarded at the policy as well as the consumption and delivery levels, as perceived by different stakeholders and aggregated by those in charge of managing the urban water sector.

Based on the managerial perspective, on which policy makers often draw for their problem analysis, the urban water problems included poor staff productivity and a lack of economy, efficiency and effectiveness. This could hardly be conceived of by most customers, as the latter's basic concern was having reasonable access to the final water product or service as observed in the previous section. Therefore, at higher policy level, water problems were conceptualised in more abstract terms. Relevant issues, such as incompetent management and hierarchical organisational structures and cultures that encouraged political interference and constrained managerial autonomy, needed to be communicated in a simpler way, through corporate public relations and the media strategies (PR-04). The requirement for clarity and simplicity in putting forward the case for reform was therefore important strategy for gaining stakeholder sympathy for change. According to the Public Relations Officer (PRO) this was done well to the extent that the media became key partners in the reform process that is



attributed to a good corporate communication strategy undertaken to enable smooth policy implementation.

The evidence further suggests that the water managers and policy makers were, as might be expected, more informed about the need for reforms to improve urban water supply than other lay stakeholders. The policy analyst in the water ministry noted that the major priority was to reduce the burden on government funding. He argued that by attempting to ensure water provision to all citizens, as mandated by the Water Policy of 1995 and provided for in the Constitution of Uganda of 1994 where water is defined as a human right, would not reduce political pressure on government resources. The Water Consultancy Report (2004) commissioned by the water ministry argued that that:

*“ . . . it is a fact that there is quite a lot of unmet public water demand, and this will escalate as the urban population increases . . . . The challenge therefore is to expand the infrastructure at a corresponding speed, which is impossible given the constraints . . . especially the financing gap . . . due to budgetary problems and tariffs that do not guarantee cost recovery. Correspondingly, we are considering improving managerial capacity through retraining, empowerment and delegation of responsibility to local areas . . . and looking at the alternative of involving customers, so that they can add pressure on providers to respond to them...by incorporating their views in service design”  
( p.8).*

The views of the ministry of water officials who work closely with donors at the policy level acknowledged in interview that they had been involved in the debate about how to reform the water sector with the ultimate aim of privatizing it (IWM-04). They also recognised another related problem contributing to poor performance in urban water supply was the lack of an independent regulator who would, for example, hold public hearings and enforce water service quality and access requirements. The capacity of the Department of Water Development (DWD) as a regulator was very limited, as was the capacity of the Technical

Working Committee (TWC), under the Ministry of Finance, to oversee the development of the sector. The performance contracts between government and NWSC and within the corporation areas have been reported to play a positive role without an independent regulator (Mugisha et al, 2005; Mugisha, 2006). One official in the ministry of water was concerned about the government's capacity to regulate water services in favour of customers and other stakeholders if it was put under private operators. His concern was that the DWD could only influence reforms at the political level, and would rely on the good intentions of the water providers to respond to politically important unmet public demands. This implied that the mandates of various institutions needed to be streamlined and strengthened if they were to direct reforms in the water sector. It was also suggested that the way reforms were communicated was important for handling sensitive aspects of them, like tariff restructuring that required cabinet and parliamentary approval.

#### ***4.3.5 Perceptions by the media and civil society on urban water supply***

Generally, media interest in the need for public utility reforms was substantial, as a result of the political stakes represented by the objective of universal access to water, regarding whether delivered by private, public or public/private operations (MC-04). It is obvious that media actors were also water service users, and therefore as stakeholders with diverse roles as consumers, and as framers of public opinion. Their concerns were legitimate, as a lot of resources were invested in the reforms without effective accountability, especially to the vulnerable citizens whose voice is historically rarely responded to. As one of the journalists remarked:

*“there are different signals about how to reform water . . . . Some stakeholders would like reforms with long term privatisation, while in the NWSC most workers would prefer the status quo, only with improved funding, as the way*

*forward to resolve the water crisis in Kampala . . . As members of the media we not only report what has been adopted as government policy but we also influence reforms. The World Bank and the IMF would prefer privatisation. Some politicians prefer us to management as a barometer of public opinion. We are also water users who have not been happy with past water supply practices and will therefore consistently support reforms that are promising to turn around the corporation ...” (Monitor Newspaper-04 July 2004).*

The media were strategically very close to the public relations office, and regular press releases to them on NWSC reforms facilitated the necessary communication to most stakeholders, stimulating feedback that was used by management to review the extent to which public and customer issues were being addressed (PRO-04). Surprisingly unlike most public utilities that are media scared, the NWSC management has enhanced its image by using the media.

The views of civil society as the third sector voluntarily representing some key interest groups on service delivery are often varied based on their roles as water co-producers or activists for public or specific interests. Asked why water access was a problem, a respondent from a Non-Governmental Organisation (NGO) in Kampala felt that “. . . a great number of residents cannot afford connection fees, while others are far from the main supplies.” (NGO-05). This response points to a recurring problem, especially in low income areas where NGOs take a particular interest in operations while considering the expansion of the network and reducing the costs of connection. Most of civil society’s concerns are supported by the constituents they represent and also comply with the overall government policy of improving urban water supply for all citizens.

There is a popular view of water services as a human right, with universal access as one of the basic targets for achieving the Millennium Development Goals (2000), that has triggered mixed reactions as to whether water should be regarded as an economic or social

good, or both. The NGO representative noted that without well established consumer rights bodies, it is difficult for consumers to know what they are entitled to, thus leaving everything to the good intentions of service providers and enforceable regulatory framework, whether under public or private ownership. In the case of the NWSC, the rights and responsibilities of the water customers were not well clarified prior to reforms, as the Communications Consultant reported (CC-04). In a study carried out in 2004 "... most of the respondents were of the opinion that the majority of urban consumers were largely ignorant of their rights and responsibilities in relation to accessing potable water" (Public Opinion Survey, 2004; GTZ p.12;). This problem of lack of information is most likely linked to the dominance of professionals in making water supply decisions and more especially to the lack of appropriate communication channels for the provider-service-user interface.

The appropriateness of channels of communication that they considered helpful in resolving water related problems have had mixed reactions (PRO-04). While those whose management orientations were within the organization opted for the organisation's channels, as they believed it was the role of policy makers to communicate with the public, officials whose sensitivity was externally oriented also recognized that, in addition to their own channels, there was a need for public meetings and interviews on radio and in the news papers to support the reform process (Public Opinion Survey, 2004: GTZ). In discussing preferred communication strategies, one respondent from an NGO was critical, reporting that information on water reforms was sometimes based on study reports, carrying out surveys, conducting focus group discussions, interviews, listening to TV and radio and reading newspapers. These kinds of information channels were unlikely to be equally accessible to all stakeholders, especially the disadvantaged, perhaps with the exception of radio. However, this response does not generally undermine the efforts made to apply different channels of

communication that served the needs of different stakeholders, albeit with some inevitable limitations that represented an ongoing challenge for management.

Most of the representatives of the civil society interviewed (4 out of 7 no - CS-05) believed that the most important issues that affected the urban water sector in Kampala included lack of access and affordability, especially by the majority urban poor. They further identified as problems: low incomes, corrupt political leaders, inadequate institutional and managerial capacity, ineffective management of customer complaints and a lack of the financial resources necessary to manage water services effectively and efficiently. The criticality of these issues is shared by most stakeholders as key to water supply improvement.

However, there were instances where civil society priorities and the measures needed for water sector reforms inevitably diverged. This divergence largely depended on those NGOs, and their closeness to international donors and the government that raised the stakes for monitoring NWSC activities as part of their funding requirements. It was a popular view among some NGO representatives that without privatisation the public water providers would be governed by the public interest and would therefore be more inclined to take into account the public view than would private operators who were being fronted by donors.

The civil society respondents further expressed fear about private sector participation in management based on the likelihood of lack of experience and knowledge of local issues, lack of public accountability for high pricing, and the possibility that the need to provide benefits for private interests would dominate the water services (CS-05). The lack of consensus on whether water should be treated as a purely social or an economic good indicates that both considerations, although they appear contradictory, are basic to the consideration of this

scarce, and at the same time basic, human need. This consensus that it should be both suggests that the water supply should be managed as a unique commodity, rather than being compared to other services using only the principles of economic theory. One argument by an urban ministry official (MO-04) was that even social goods need economic resources to sustain them, hence the relevance of cost recovery, which involves treating water as an economic good as well as a social one. The desire for government to continue funding water was popular with consumers at all levels, especially in terms of owning and funding the infrastructure, where private business would be reluctant to invest, as this would not be in the interest of short-term profits. In this sense, commercialising water was resisted, although some felt that it should not necessarily be free, as it was likely to be wasted if no value were attached to it, though some water users especially the poor felt that as it was God given, it should be free.

#### ***4.3.6 General observations on multi-stakeholder perspectives***

Developing stakeholder consensus in support of reforms, was used as a key factor to minimise resistance to change. As seen from the results, the emerging priority was to identify the legitimate problems and squarely address them, rather than waste time in ideological and intellectual debates about what type of intervention was popular amongst the dominant stakeholders (MD-04). Overall, a pragmatic approach based on appropriate problem identification and supported by the relevant design and implementation process was the preferred route to achieving the reform objectives in a timely and cost effective manner. Further, on the preferred model of change, one official from the NWSC summarised his views as follows:

*“that water cannot be run based merely on the ideological values of privatisation or public ownership, although there is no consensus yet on*

*whether either of these leads to poor management and poor performance . . . but the sudden involvement of foreigners in the process will create more uncertainty and resistance, with an increased risk of the poor suffering. But if government provides the necessary resources with donor support, we will have the potential and commitment to reform the sector ourselves, as we know the problems better, having lived with them . . . as water users” (WO-04).*

Most importantly as also discussed in the earlier sections, the overall views of the water users and main stakeholders were indicative of the need to improve the interface between different stakeholders. In particular, customer relations management was very poor, with little focus on user water rights, responsibilities and obligations. The channels for voicing complaints were ignored: even where they existed they were ineffective, with providers acting as the masters rather than the servants of customers. Household access to water connection was mainly the preserve of the rich or those who would use illegal means in collusion with some of the NWSC staff. The management, regulators and media perceived the water problems as both managerial and service delivery oriented. They therefore valued highly the efforts made to put the customer at the forefront of reforms without ignoring the poor.

The MD noted that an understanding of the parameters that stakeholders appreciated most was helpful to managers when it came to devising strategies to enhance customer satisfaction and loyalty (MD-04). In the urban water sector, the consideration that access to water is more of a social benefit and a human right than an economic benefit also contribute to the framing of a range of stakeholder responses. Despite the fact that everybody uses water either directly or indirectly all the time, the stakeholders who most influence water availability are the utility providers, consumers or direct users at household or organisational level. The indirect users who are affected by water use, proactive stockholders who take on the role of environmentalists and regulators, policy makers, finance agencies, researchers and the owners of the utility (Seppalla et al, 2004) . The relevance of stakeholders is based on the radical

reforms of 1998 that coincided with the appointment of a new board and top management team who mobilised the various stakeholders to participate in changing managerial programmes. The ownership, operational scope, managerial priorities, customer focus, resource availability and contextual issues, as perceived by different stakeholders, were found to have variably influenced the sequencing of those reforms (Water Sector Review Report, 1998: Government of Uganda).

#### ***4.3.7 Section summary***

In sum, the stakeholder perceptions and involvement in reform policy formulation have been elaborated. The major problems in the water system meant that there was an urgent need for reform. Central to the analysis I have just provided is the picture of how the different stakeholders were involved in arriving at a compromise between supply side reforms that were largely driven by water engineers and demand driven reforms that were promoted in particular by water managers. The constraints of a limited government budget, the heavy investment involved and the need to expand capacity were raised mainly by policy makers, water officials, consultants and donors. However, the debate on whether, ultimately, the private sector as compared to the public sector would be better in terms of efficiency, accountability and resource mobilisation was still a disputed area, except by the donors, who earlier on saw private sector involvement as the only viable solution to poor performance. After assessing the different stakeholder views on water situation it is now important in the next section to establish the extent to which different stakeholders were involved in making inputs to the formulation of reform policies. The results generally have showed that stakeholders had different expectations and experiences that were likely to shape their proposals for the improvement of water supply. To a reasonable extent the views of various



stakeholders influenced the decisions on type of customer service reform objectives adopted as will be discussed next.

## **4.4 The stakeholder involvement in customer reform policy formulation**

### ***4.4.1 Introduction***

This section establishes the extent to which different stakeholders were involved in the formulation of customer service reform policies. One of the factors that enabled the focused design of reform strategies is credited to management's willingness in involving a wide spectrum of stakeholders to gain consensus and therefore legitimize the reform process. The MD himself accepts that without enhancing stakeholder support reforms were going to be very difficult to manage without the necessary legitimacy (Muhairwe, 2009). Regular stakeholder workshops with government officials, board members, management, trade unions representatives, workers, environmental regulators and consultants were held to initiate and develop a consensus for formulating policy and implementing change (Berg & Muhairwe, 2006). The discussion of policy content was therefore a key strategy for marketing, and creating broad ownership of, the reforms. The customer service reforms were mostly marketed through regular press releases to the media, responses to media reports and corporation newsletters that were widely distributed to different stakeholders. One of the obstacles to reform was the fear of possible privatisation and consequent loss of jobs that had to be overcome through assurances that all stakeholder concerns would be fairly managed but with challenges. Generally, the customer service reforms were justified as the only way of enhancing the corporation's tainted reputation that had been characterised by high customer dissatisfaction (CS-05, see also Schwartz, 2007).

Generally, the economic reforms in Uganda have attracted considerable stakeholder participation, mainly because the government intended to embrace a transparent approach to these reforms in order to reduce resistance to change (see NRM Ten Point Programme, 1986). When the NRM government came into power in 1986, it adopted preferential reforms to revamp economic performance, particularly by reforming public enterprises as a way of improving performance, sometimes as an alternative to privatising them. Since the establishment of the NWSC in 1972, supply or production oriented improvements had largely been funded by both donors and the government, with dismal results that were partly blamed on lack of adequate stakeholder involvement and lack of customer care strategies. It is against this background that the government, together with the donors, embarked on joint stakeholder needs assessment in order to improve the performance of the NWSC that contributed to the justification for reforms. Although the NWSC reforms were intended to be home grown, they were substantially influenced by the policy makers, the donors, the media and experiences from similar public utilities globally (Muhairwe, 2009).

#### ***4.4.2 Donor and Government efforts in developing consensus on the way forward***

It is common in developing countries like Uganda that the donors in liaison with governments ultimately determine the policy management processes mainly because they control resources, have sector knowledge and dominate strategic policy inputs. For example in the case of NWSC, the World Bank Report of 1998, in its assessment of water sector needs, reported that in spite of the investment of over US \$ 100 Million in infrastructure development and maintenance, there was a huge unmet water demand. It suggested that a commercial approach and strict financial strategy to turn around the corporation were the obvious reform priorities given that continued government subsidy support could not be guaranteed any longer. This

quote by the World Bank in 1998 exemplifies the situational analysis that has shaped NWSC reform policy:

*“Over the last 10 years, the GOU in partnership with the World Bank and other donors have made significant investments (over US \$ 100 million) in the Urban Water and Sewerage sector. These investments have contributed immensely in rehabilitating the existing infrastructure under the NWSC management. Unfortunately, these investments have not been matched with the necessary efficient commercial and financial management capacity that can ensure the delivery of sustainable services in the medium to long-term” (p.1).*

To address some of the above concerns, the unit set up by the Public Enterprise Reform and Divestiture Statute (PERDS) of 1991 categorised the NWSC as slated for reform under government ownership and private management contracts in preparation for eventual privatisation. However, the experience of private management contracts with international firms including Ondeo Suez Company between 1999 and 2004 did not improve water service delivery, leading to the termination of the contracts (Muhairwe, 2009). On the contrary, the performance contracts between the NWSC and the government, including those between the NWSC and the various areas, led to both better management benchmarking and more effective regulatory strategies (Mugisha et al, 2006; Kayaga et al, 2008). Most importantly, the reforms badly needed political support to ensure commitment to home grown reforms that were being experimented with and that required external support on request, rather than as a condition (CS-04). This reduced expenses on sometimes questionable consultancy input.

Cumulatively, as also evidenced above, the urban water sector reforms were faced with divergent stakeholder views about how the reforms should be prioritised, implemented, monitored and assessed. This implied mobilising public and stakeholder opinion to support the reforms. An enabling factor to the foregoing objective was a comprehensive legal framework that stipulated how the reform process should progress, based on analysis of the

sector. This concern culminated in the PERD, Statute 1993 being enacted to guide the different reforms. In the case of the NWSC, the PERDS initially emphasised reducing the direct role of government in water business, preferring to prioritise private sector participation as a way of improving the efficiency and effectiveness of water service delivery in the long-run. This meant that the NWSC was classified under class II of public utilities which were not for immediate sale because of their political sensitivity and lack of immediate interest from foreign investors. The other supporting legislation that recognised the public nature of urban water supply included: the Water Statute (1995), the NWSC Statute (1995) (this amended the NWSC Decree of 1972, which established the corporation), the NWSC Amendment Act of 2000 and the National Water Policy of 1999. These pieces of legislation provided for managerial autonomy and more customer responsive approaches to guide the reform process and actual delivery of water to thirsty citizens.

In addition, the Ugandan Constitution of 1995 and other relevant laws, such as the Local Government Act of 1997, provided the legal foundations for an urban water reform strategy. In particular, the constitution recognised water as a basic entitlement and a right to be accessed by all citizens without excluding the urban poor, especially in slum areas. Therefore, the reform strategy upheld the rights of the consumer and also provided for compliance with the social, economic and environmental requirement to ensure sustainable water access for all and not just for some (Mugisha & Borisova, 2010). The Government in pursuit of its post-war democratic credentials and enhancement of credibility with donors supported the continuing stakeholder participation and ensured a favourable legal environment for reforms to improve urban water supply.

#### ***4.4.3 Civil society and pro-poor concerns***

One of the contestations against privatization is that it would promote water for profit and the expense of social responsibility to the poor. In the case of justification of NWSC reforms this was used as one of the reasons for denouncing privatisation efforts which, however, failed for other reasons such as lack of private investor interest. Most of the civil society organisations believed that water consumers, especially the poor, would ultimately be the losers in the privatisation of urban water supply, and were even sometimes openly opposed to the internal reform strategy that were at that time unpredictable (Public Opinion Survey, 2004: GTZ). This indicated that such organisations thought that, with possible private sector involvement and the management of water as an economic good or commodity, supplied according to the ability to pay, the chances of the poor being excluded would increase. This approach was central to the constitutional provisions of water access being a public right, irrespective of whether people could afford it (PUP-08). Therefore the basis for resisting the reforms was that they would lead to a high cost of water provision and thus to marginalisation of the poor. This was likely to defeat the objective of government to improve water services for all as provided for in the constitution and also to promote the meeting of MDGs (Kayaga et al, 2009).

On the other hand some civil society organizations, like the Water Aid representative in Kampala (WA-04), supported the reform and the converting of the NWSC into a high performing utility that would eventually benefit all stakeholders through meeting its corporate social responsibility obligations. The civil society input led the government to conduct an impact assessment, to respond to the water supply related queries and proposals raised by civil society organizations, for example by Water Aid, Uganda. This led to recommendations for pro-poor strategies to protect the urban poor from the eventual impact of commercialised

tariffs and concerns linked to convenience and universal access being addressed at a later stage of reforms due to resource constraints. Further, the consultants reported that most of the water users viewed the high cost of connection, the long distances from existing piped water systems and bureaucratic unresponsiveness as barriers to new water connections policy (CSC-04). In particular it was reported by the consultants that poor water users expressed a general concern that:

*“the water prices went up for all water services . . . yet distance from the main systems is a problem for us if we are to afford connection . . . good customer service that also takes into account the inability of the poor to pay and the inconvenience faced in accessing non-piped water . . . Some of us are regarded as intruders in the city slum areas, because they have not expected us, but have expected the bosses – big people . . . I think the water managers and workers despise ordinary people, or call us poor people and regard us as a burden sometimes . . . If we have a complaint about water, we need to talk to our local councillors and once in a while our MP, when he feels like coming around . . . Or if you have an influential friend or relative in government you can forward your problem to him with the hope that he will use his position to influence things for you as an individual and sometimes for your neighbours. However, if people from the water service realise that we are also citizens who deserve services, then we are willing to talk to them in order for them to know how best to serve us as Ugandans who also matter because we vote the government into power based on their promises to help us with basic services. The water offices are now nearby, but only those who are connected have reason to frequent them, as we either buy from those who are connected or use other unreliable and also expensive water sources”*

The concerns of poor water users have been established through consultancy reports but with sometimes minimal critical analysis that falls short of establishing the relevant causes of poor performance that could lead to sustainable solutions. Perhaps the consultants who are contracted by water providers would not be willing to blame their clients as part of the water management crisis. The official in the DWD succinctly summarised this ambiguity: “Water should be treated both as a social and economic good. It’s a social good because it’s a basic requirement; but then if you are going to manage sustainably, you must put some economic

value on it” (DWD-04). However, this one did not capture the human rights argument provided for in the constitution and advocated for by water activists.

It is often argued that the commitment from employees to embrace reforms is an important indicator of reform success (Drucker et al, 2008). The Worker’s Union organised itself and influenced the policy formulation and implementation at different levels including the Board representation and access to parliamentarians among other government officials (HR-05).

#### ***4.4.4 The media***

The NWSC management has claimed that there is no public enterprise in Uganda that has received media attention comparable to that the NWSC received – a claim based on evidence from media extracts on the corporation’s website: (<http://www.nwsc.co.ug>). An initial analysis of media contributions to the reform debate produced conflicting pictures, partly because of the ideological tensions that influenced water reform and privatisation debates (Muhairwe, 2009). According to one of these conflicting perspectives, it was the job of the urban water utilities to protect public or citizen interests against market forces, which were largely devoid of pro-poor equity concerns (see also Lobina & Hall, 2008). Therefore the NWSC was highly valued by some sections of the media as one of the foundations on which the Uganda economy was constructed. In this sense, public enterprises were regarded as the lifeline of the economy that would best be reformed by Ugandans themselves and not privatised for the benefit of foreigners. Some sections of the media were convinced, therefore, that selling public enterprises would expose the Ugandan economy to capitalist market forces, to the disadvantage of Ugandans (See Muhairwe, 2009). Through media publicity the gender activists, who were influential in the media, felt that women, who were the most affected by lack of access to good quality and affordable water, would suffer the

brunt of the commercialisation of water (WU-04). Some sections of the media were actually convinced that, given the failure of the SAPs that were spearheaded by the donor community, especially the World Bank and the IMF, any other reforms influenced by the same institutions would be highly suspect (Crusader Newspaper, 12, March, 1999).

However, the initial analysis of print and electronic media revealed that the media had, at first, little enthusiasm for the water reforms that seemed unpredictable (PR0-04). Later, the media, seeing the initial benefits of the reforms, became very supportive of reforms, as evidenced by reports they published that were widely acknowledged by the key stakeholders at the appraisal workshop at Sheraton Hotel where the MD invited the researcher to attend in 2006. The ministry with the political mandate to be in charge of water was highly involved in media campaigns that marketed the urban water reform programmes by guaranteeing the benefits to key stakeholders (Ministry Budget Policy Statement 1999/2000). The media were highly regarded as a strategic channel for communication between the public, the customers, the policy makers and the corporation about the need to support the reform process.

Generally, through the media, telephone calls, newsletters, radio, letters to the corporation and verbal contacts, customers and the public generally voiced their concerns about water reliability, quality, efficient billing, improvement of operational facilities and the need to enhance customer care. The workers, who also had a range of views on the subject, unanimously communicated their views, sometimes using the media to do this on their behalf, for fear of retribution in case they were publically opposed to reforms. The management was monitoring media commentary on a daily basis and communicating clarifications on various queries to the relevant staff and customers using both internal and external channels (Muhairwe, 2009).



#### ***4.4.5 Section summary***

In summary, this section has established how, and the extent to which, different stakeholders were involved in the formulation of the NWSC customer service reform policies. The NWSC Statue (1995) and the PERD Statute 1993 provided the major legal framework and policy direction that the NWSC was to adopt in the reform process. The appointment of a new board and CEO signalled the adoption of the reform policy in 1998 at the organisational level and the worked out ways in which it was to be implemented. This also involved making the staff the champions of the reforms by enhancing their support and minimising their resistance through for example actively involving the workers' union in all deliberations on policy change (HRM-05).

Most importantly, it was established how stakeholder workshops, consultations, and media interactions were used on a regular basis to enhance the participation of government officials, board members, management, trade unions, workers and consultants in the development of a consensus on policy content and a guide to relevant action. This was a valuable strategy to market the reforms and allow various stakeholders to have their voice heard and responded to (Berg & Muhairwe, 2006). Another important reform strategy was that of involving the privatisation unit, the Ministry of Water, the donors and the NWSC management as they coordinated the reforms and, according to their mandate, as key stakeholders. The challenges associated with gaining consensus on the type of reforms to be adopted have been reasonably examined in the previous sections of this chapter. It is therefore suggested that one of the most important pre-conditions of reforms was stakeholder participation, and the efficacy of this will be traced as we analyse the reform processes, outputs and outcomes as influenced by various stakeholder perceptions as discussed in the previous sections. To connect intentions to their execution, the justification for customer focus is analysed in the next section.

## **4.5 The justification for customer focus**

### ***4.5.1 Introduction***

This section analyses why customer focus philosophy became first priority for driving other NPM related reforms and also describes the objectives that shaped the implementation process that addressed the key problems related to urban water supply as established in the previous sections. The concern that a customer care policy would be unfair, especially for the poor, was addressed by creating a win-win situation where consulting the relevant stakeholders in decision making was given priority (MD-04). In response to the concerns of professional water engineers that the NWSC management was diverting funds to a non priority area, customer service, instead of expanding water service to underserved areas, the MD competently argued that the reforms were threatened by failure if the reform vision, mission and goals ignored focusing on customer preferences as a priority (MD-04).

The consultancy report commissioned by the Privatisation Unit under the Ministry of Finance in 1991 recommended internal reforms in the NWSC with an emphasis on customer preferences as a short-term strategy to improve the company's reputation in preparation for possible privatisation. It was hoped that efforts to involve key stakeholders would correspondingly reduce the negative tendencies of bureaucracy, while at the same time helping the water providers to become more customer responsive (PERD Statute, 1993). The initial strategy for the NWSC was to reform management, principally to improve revenue collection and financial discipline. However, it was found out by the MD, that this would not be possible without corresponding improvements in customer relations' management (CSM-04; See also Mugisha, 2006). In addition, the enormous backlog of household water service applications from customers, as reported by the World Bank (1998), signalled the need to expand and distribute water services efficiently, effectively and equitably. Therefore, an

important consideration was to urgently improve revenue generation strategies to solve operational problems, while also pursuing complementary government and donor funding to support service expansion, production and distribution. Therefore, getting further financial support would only be justified when the corporation could demonstrate seriousness in confronting the pre-reform problems in a pragmatic way with customer satisfaction as a priority to policy strategy.

#### ***4.5.2 Promotion of customer focused reforms in the NWSC***

In order to obtain the necessary stakeholder support, the new MD continuously emphasised on various public occasions, in the media and in official communications to staff, that the customer oriented reforms were a necessary condition for the complete transformation of the corporation. He argued that the reforms required radical changes in the organisational culture and structures and in customer relations, so that the benefits could be used to support the enhancement of the technical attributes of water supply (see also Mugisha, 2006). However, some of water engineers, as observed in the review workshops, thought they had the necessary skills and experience to know what customers wanted and increased funding for service was the only priority to them. The water engineers surprisingly initially thought that spending on customer service was an extra burden to the organisation, which should be concentrating on finding a sustainable way of financing what they considered to be priority programmes (see also Nickson & Franceys, 2003). These tensions implied that staff who took customers for granted had to be convinced that the technical considerations they cared about needed to be balanced with what the customers actually said they wanted and were willing to pay for.

The MD felt that taking a rigid position on the preceding debate would be counter-productive and took the neutral position that, “I have no direct bias against public or private management of water or even commercialisation as I think each case or mix has to be handled on its own merits and in the context of problems being addressed” (MD-04). However, he was also convinced that the move from a strict bureaucratic system to a commercial oriented focus could produce the same or even better results, an idea that was not conventional then as privatisation was considered a panacea. The management consensus was therefore that a reformed NWSC could be more conscious about its corporate image and thus get the necessary support and good will from key stakeholders. This was based on the conviction that the initial diagnosis of performance problems was right in attributing these to poor customer service.

To the concern that the emphasis on customer service would ignore poor water users, the area engineer in Kampala responded that “. . . in the process of reform those who cannot afford need to be catered for, including especially the elderly and people with disabilities. Further focus on women and children who spend a lot of time looking for water is a reform priority. Ideally this is important, but the problem is resources.” (AEK -04). The health issues and environmental concerns and others related to access to water being a right, also contributed to the debate about customer oriented reform of the urban water supply in Uganda.

Given the prevailing apathy about the reforms, the initial response to customer service reforms was pessimistic. This response was especially from customers, some staff and the media, who were convinced that public enterprises were incurably bureaucratic and corrupt and therefore doomed to fail with or without internal reforms (Muhairwe, 2009). In the case of the Kanjansi Water Users’ Association (KWUA), the reactions of its members to the water

service reforms were also varied, as expected, but were mostly positive, with 78% supportive. This perception of the customer service initiative may be summarised as “we were happy with the lower tariffs, low connection charges and good customer care” (Water Waves, Feb/March, 2005; p.4). Such appreciation motivated the likelihood of management being firm in managing change based on assured support from key stakeholders.

In order to enhance staff ownership of reforms, the Union of Workers’ representative was made a signatory to the performance contracts between government and NWSC management. One of the requirements of the contract was that the bad image of the corporation be immediately reversed, as it was proving to be a major obstacle to crucial stakeholder support. The corresponding management strategy was to convince all staff that “customers are truly the reason we exist” (Muhairwe, 2009: p.256). To reinforce the independence of the monitoring of reform initiatives, the strengthening of the regulatory role of the DWD, with appropriate funding, was recommended in the stakeholder’s workshop held in October, 2005 at Speke Resort Munyonyo (Workshop Report, 2005). In order to change negative staff behaviours and attitudes, there was a focus on human resource development to facilitate more customer focused urban water sector reforms.

#### ***4.5.3 What were the reform objectives and strategies for policy implementation?***

This sub-section describes the reform objectives that were justified by virtue of agreeing that customer focus would drive other reforms for the ultimate benefit to the water user. The main objective of the customer orientation policy was to promote customer care as the core reform to salvage the organization from its being non-responsive to water user complaints. On 18<sup>th</sup> February, 1999 the water customers and the public at large were informed about the launching of the 100 days programme to enhance water service delivery by being responsive to

customer complaints and also as a way of improving revenue collection in order to expand to meet the largely unmet customer demand. According to the MD the overall objective of the service and revenue enhancement programme (SEREP) was to enhance customer focused service delivery and sustain the performance momentum that had been registered during the 100-days programme of 1998/99. Therefore the SEREP implementation strategies included the redirecting NWSC to customer satisfaction as the underlying principle of all the utilities activities and operation. Several, but related objectives, are summarized in the figure 4.1 below.

**Figure 4.1 SEREP objectives at a glance in NWSC**

- *Ensure reliable, sustainable and increased water production in all Areas;*
- *Minimize sewage spillage and maintain international effluent standards and practices;*
- *Increase service coverage through water mains extensions and construction of water kiosks*
- *Ensure prompt response to bursts and leaks;*
- *Render efficient and effective customer service to attain and sustain customer satisfaction and willingness to pay;*
- *Enhance revenue collection through efficient and accurate billing, as well as expand the customer base through the reactivation of suppressed accounts, regulation of illegal connections and installation of new connections; and*
- *To enhance cost efficiency and achieve cost savings.*

*Source: Muhairwe, 2009 p.46*

The SEREP implementation strategies derived for the above objectives included customer focus as strategies for financial revival were therefore as follows in figure 4.2.

**Figure 4.2: the SEREP implementation strategies in NWSC**

- *Putting the customer first because “the customer is the reason we exist”;*
- *Establishing customer care units at head office and in all areas;*
- *Empowering and enhancing the capacity and skills of employees to serve customer effectively & efficiently.*
- *Enhancing customer confidence, satisfaction and willingness to pay;*
- *Identifying customer needs and addressing them according;*
- *Talking and listening to customers and following up their suggestions, comments and complaints*
- *Improving the quality of water and sewerage service delivery through increased accessibility and reliability; and*
- *Enhancing revenue generation by increasing billing and collection efficiencies and reducing operational costs.*

*Source: Muhairwe, 2009 p.48.*

The above inter-related and mutually reinforcing objectives and strategies included putting the customer first in decision making by establishing customer care units at head office and in all area offices. This enhanced customer confidence and satisfaction through dialogue, listening to and identifying customer needs and follow-up action, and expanding the customer base to achieve the objective of corporate financial viability and sustainability. In the MDs words he argued in respect to putting customers first as follows:

*It is a generally accepted fact that a good business enterprise must strive to ensure that the quality of its products, packaging, mode and speed of delivery, its price structure and public relations are geared towards the satisfaction of the needs and expectations of its customers, workers especially in a poor country like Uganda, must realize that customers, not the investors and their managers, are the ultimate employers in any business organisation. If the consumers do not buy your products for whatever reason, the business will go bust and the workers will lose their jobs. That is why workers and managers alike must appreciate that “the customer is king and the reason we exist”. Without a satisfied customer, who is willing to pay for what we produce, whether it is water or something else, no business can survive, let alone flourish (Muhairwe, 2009; p.48).*

The problems identified in the previous sections in the urban water supply acted as a catalyst for the formulation of a customer oriented policy and validated the urgency of reforms. However, there were competing views about the timing of intervention and how this could be used to ensure minimum resistance (see also Berg, 2005). The new MD, who was the main architect and champion of the reforms, having due consideration for stakeholder input, felt that a comprehensive set of reforms was necessary in the long run to address most of the problems identified. However, given the poor financial situation in which water operations found themselves, he decided that immediate intervention was necessary to improve customer satisfaction as a strategy to enhance revenue collection (Water Herald, September 2004).

The second key objective was to simplify performance measurement and targets based on the first objective, so that the satisfaction of the customer would be the main driving force of the other reform components. This was seen as requiring: greater internal competition, decentralised management, internal and external contracting, better human resource management, good management information systems, improved productivity, sounder financial management and enhanced corporate social responsibility. These were considered essential for greater responsiveness by the NWSC to water users. Specific benefits to water users would include: receiving better service and value for money; being better informed about the quality of service provided; and ensuring that the provider was focusing primarily on customers' expectations and preferences (see also Mugisha, 2006). It was also intended that achieving customer care objectives would eventually contribute to setting affordable tariffs for different categories of consumers. Further, through internal and external contractual regulatory mechanisms, the NWSC aimed at providing incentives and sanctions as performance drivers for reforms (AMK, 2004). This rewards and sanctions were motivated



staff to be committed to reforms as they became real beneficiaries in the process of trying to satisfy customers.

#### ***4.5.4 Focus on customer care as a management strategy***

It is often argued that the level of organisational success of a business is related to how customer service is ranked as one of the items that influence business operations. As a response to this popular conviction, the MD of NWSC, in his recent book noted that:

*“In order to satisfy our customers, we strove to introduce the best service delivery practices in all our operations. Since the Corporation already had adequate capacity to meet effective consumer demand in all its areas, the main challenge was not water production as such but how to optimally utilize the existing capacity by recruiting more customers and, therefore, increasing water sales. This meant expanding the distribution network, wooing back to the service customers who had discontinued their accounts, and significantly reducing or eliminating illegal connections”*(Muhairwe, 2009; p. 53).

For purposes of emphasis, the MD further argued, in an interview, that a good urban water enterprise needs to strive to ensure that the quality of its service and its price structure are geared towards the satisfaction of the needs and expectations of its customers. Similarly, he was convinced that workers needed know that customers, not the investors and their managers, were their ultimate employers. To apply this philosophy, there was a corresponding objective to ensure appropriate training for frontline staff through focusing on customer related questions as follows:

*“In our training programmes, we have emphasized that NWSC staff should always ask themselves the following questions. How should you respond to customers when they come for help or service? How would you expect to be responded to if you came for help or service? How do you disconnect customers gently without offending their pride or sensibilities? How would you like to be treated or served if you were in the customer’s shoes? How do you cultivate the trust and confidence of the customer? By addressing these questions, we have inculcated customer-friendly attitudes and behaviour in our staff. We have warned them that ignoring or neglecting customers will not be tolerated”* (Muhairwe, 2009; p. 50).

Although the objectives for customer orientation were clear as public declarations, the real challenge lay in ensuring policy implementation that would contribute to the service outcomes (CS-05). The strategic guidelines for the implementation of customer service reforms were summarised by the management team as follows. The first task was to ensure that all staff appreciated that, “The customer is the reason we exist” and reflected this conviction in all their activities. Secondly, customer care units or complaint centres would be established at the head office and in all local areas to bring service to the people. Related to the foregoing was the establishment of a toll free phone number, 977, to log complaints at any time, night or day, to ease communication between staff and customers. Thirdly, improving the capacity and skills of employees to serve customers effectively and efficiently was to be adopted as a strategy for enhancing customer satisfaction, loyalty and willingness to pay for water services. Fifthly, identifying customer needs and addressing them accordingly while proactively talking and listening to customers and following up their suggestions, comments and complaints was targeted as a way of enhancing water service responsiveness. Sixthly, improving the quality of water service by increasing accessibility and reliability to water users was understood as a reform priority. And finally, enhancing revenue generation by increasing the efficiency of billing, payment collection and reducing operational costs (Mugisha & Berg, 2008). Achieving the above objectives would not be easy, but the MD was confident of being able to exploit the existing potential in order to shape the reform process. As he notes:

*“Fortunately, we did not have to start from scratch. Senior managers at head office and area managers had already mastered the techniques of programme planning and implementation. They knew how to work under pressure and to meet tight deadlines. A sound foundation upon which to launch the next programme already existed. What was required was to work out its contents and priorities. How different would the new programme be from the 100-day Programme? What was required was to work out its content and priorities. What was the new programme going to focus on? What financial, material and human resources were required to implement it? How long would it take to implement? What challenges were management and the task force likely to*

*encounter during the course its implementation?”* (Muhairwe, 2009, p. 45).

The clarification of the general reform objectives above helped to clarify the individual elements of implementing the customer service, and therefore helped the reforms. However, it is useful to look at some of the specific objectives directly related to customer preferences.

#### ***4.5.5 Specific customer service reform objectives***

Linked to the general objectives of customer service reforms are specific ones that relate to water providers, users and other stakeholders, as reported in interviews. For instance the head of the commercial department (CD-04) argued that reforms should first focus on water end-user experiences and preferences as a strategy to help management to track areas that required attention. Secondly, the interests of staff who actually produced and delivered services needed to match those of water users. These twin objectives suggested a shift from a continuous focus on providers and the regulator's expectations to what water consumers directly expected of a high quality water service. This approach was justified as the previous supply driven and bureaucracy dominated approaches that were hardly responsive to service users had not contributed to service improvements as expected (BM-04). The customer centred reform strategy was to provide incentives to deliver an exemplary urban water service that would enhance government popularity. At the same time, the revenue collecting capacity of the organization was predicted by the corporation secretary to depend upon how the NWSC performed in relation to customer service.

During the initial reform phase from 1998 to 2003, the water consumers interviewed generally felt they were receiving significantly better quality water service as compared to the pre-reform era (FDG-04). The Water Sector Policy Review Report (2004) suggested that the

reform of the urban sector in Uganda was the subject of continuous debate that strongly argued for alternatives to privatisation. The initial compromise was to establish external and internal performance contracts with the objective of reinforcing the existing regulatory framework that favoured commercialisation. The government re-classification in 1992 of the NWSC as ‘not for immediate privatisation’ provided an opportunity for various stakeholders to influence the reforms without fear of new private investor priorities (PU-04). Further, the management distributed literature about reform to stakeholders and workers to enable them get involved in shaping the reform process from an informed perspective. Also, the feedback from newsletters, review reports, media and complaint centres were taken seriously by management in influencing decisions (CS-04).

#### ***4.5.6 Sub-section summary***

To summarise, a customer orientation policy was recognised as likely to drive the other reforms, with overall performance being aimed at increasing water user satisfaction. It was the conviction of the new management that sustained funding of the NWSC could only be through establishing a satisfied customer base. It was expected that such people would be satisfied and loyal including being willing to pay for water services, and this would be the trigger for financial sustainability. The pre-reform era was characterised by poor performance, and attracted a range of responses from the various stakeholders, but there was a consensus that a change in management approach was crucial to turning around the NWSC. The achievement of the reform objectives is central to understanding whether the customer policy has been effectively implemented thereby contributing to answering the main research question.

## **4.6 The implementation of customer orientation policy in NWSC**

### ***4.6.1 Introduction***

After justifying customer service policy in the previous section, we now analyse the factors that influenced the implementation of the policy in NWSC. To put the reform in historical and prevailing political context that was discussed in the introduction, the general observation was that most stakeholders preferred reforms that would improve urban water supply through the most viable strategy. The government in particular was ready to embrace pro-people reforms in order to reverse the political and economic decay that had in the first instance led political upheaval since independence in 1962 including the bush war that propelled the present NRM government to power 26 years ago. This analysis will address the key factors and actions undertaken to manage reforms that have so far attracted some considerable attention.

### ***4.6.2 General triggers for reforms***

The different perspective and objectives of stakeholders in the urban water supply to which the pro-reform managers were sensitive to catalysed the formulation and implementation of a customer orientation policy and therefore validated the urgent need for reform. With this stakeholder oriented approach, it was possible to compromise between the need for immediate intervention and the need to time intervention carefully, in order to reduce resistance to change. This understanding helped management to focus on internal reforms that enhanced customer responsiveness as the main driver of reforms overall, but without ignoring the synergies from other interventions such as contract regulation, decentralized management, strengthening of human resources management, resource generation and service expansion

performance management and pro-poor concerns in particular (Consultant -09). In this respect customer responsiveness was correctly defined as both a process for enhancing management capacity to be effective, economical, efficient and productive in focusing resources to manage the customers well as the ultimate strongest link to the corporations survival both in the medium to the long-term (Mugisha & Brown, 2010).

The critical mass of water service related problems that contributed to the urgent need for reforms were as follows. First, following a Strength, Weakness, Opportunities and Threats (SWOT) analysis, the NWSC 100 Days Turn Around Programme of 1998 ([nwsc.co.ug](http://nwsc.co.ug)), as an immediate intervention to save the corporation from total collapse and bankruptcy. This included focusing on the problems of outstanding debts, raising funds to pay staff made redundant, recasting the financial viability of the corporation, and reducing the resistance of water engineers to the shift of resources from production, distribution and maintenance to catering for enhanced customer care (NWSC Reform Internal Report, 1998).

Second, as some of the most critical problems were being resolved, other equally urgent problems emerged that included: fear of job loss as a result of pending privatisation, general resistance to change and difficulties in collecting payments for bills that had not been checked. Other related problems that needed simultaneous attention included: large unsettled government debts, lack of capacity to service loans, negative financial rating with banks and suppliers, unsettled tax arrears to the Uganda Revenue Authority (URA), indebtedness to the electricity and telephone utilities, and an initial reluctance by donors to support locally initiated reforms with minimal foreign consultancy input (Privatisation Unit Report, 1999). All these problems had the potential to contribute to the closing down of NWSC operations, which would have been a political disaster for the government and for the water-using public

in the major urban areas in Uganda. Thirdly, the need for access to potable water for the urban poor, coupled with government reluctance to revise water tariffs to recover costs, further constrained cost recovery initiatives, given that subsidies were not forthcoming from government or donors (Muhairwe, 2006).

#### ***4.6.3 Government framework for facilitating reforms***

Implementing policies that affect both individuals and communities in the public sector requires explicit government support, some degree of autonomy and relevant policy tools without which there is little guarantee of success. The Government, in accordance with the PERD Statute (1993) had planned for privatisation of NWSC by way of a lease contract as a strategy to improve managerial efficiency. This policy proposal put a lot of pressure on NWSC management to change its performance record in order to avoid privatisation which would jeopardise the continued employment of existing staff (PU-08). This would also be disruptive to the sector as the private investors could not easily be predicted. As one of the immediate solutions to the existing water problems in 1998, a new Managing Director was recruited based on a more competitive basis as compared to past political appointments that sometimes ended up with summary dismissals on radio (Muhairwe, 2009). This new appointment brought in a professional business focus to have a better understanding of water problems by differentiating commercial and public issues that required complementary interventions. There was a shift to a more inclusive stakeholder perspective in resolving problems versus the dominant perception that urban water management was a preserve for water engineers who knew best what water users want.

The Minister in charge of Water and the NWSC Board promptly approved the management request to change of the organisation structure to accommodate the customer relations

department as a strategy for promoting the necessary links to other departments and water users in particular (CSM-04). The Government continued with the changes in the legal and policy framework to facilitate reforming of the urban water supply in Uganda. The management established competitive contracting within local areas and also internal and external benchmarking were encouraged through technical, customer and administrative work teams as key drivers of performance improvement (Mugisha, 2006). The Technical Working Committee (TWC) under the Privatisation Unit emphasised business corporate planning with particular emphasis on customer focus and other related measures in order to strengthen the performance monitoring and evaluation of water service reforms. Another parallel policy regulatory structure was the Performance Review Committee (PRC) under the ministry responsible for water which facilitated policy review approvals. This committee was to correspondingly strengthen the reform supervisory role under the privatisation unit, Ministry of Water and Environment and the Department of Water Development in particular as the regulator of water services under PERD Statute (1993).

The Board and management of NWSC took advantage of the above initiatives to streamline and entrench stakeholder support. The public relations strategy for building a sustainable positive image by disseminating information regularly to the media and other stakeholders became one of the key drivers of change (PRO-04). Rewards and sanctions intended to focus on customer service and performance measurement were put in place to motivate the staff to develop changes in their work habits that in the past were characterised by neglect of duty. Staff training and development contributed to empowering staff to be innovative and being able to take risks without any unjustified retribution. Improving of the work environment was adopted as an image creating strategy with clean office premises, company logos on assets and staff uniforms (HRM-04). There was adherence to work environment standards that are



ISO approved and benchmarked with most areas being ISO certified by the end of 2005 (Water Waves, July 2005). As of 2008 the corporation had received many international awards in recognition of its improving performance. In sum, the corporation put in place mechanisms to ensure performance management, increased productivity, decentralised management and most importantly customer service as part of the organisational culture.

One of the main study aims was to analyse what is involved from the policy objectives to their being put into action in terms of process, cultural change and reviewing of the associated challenges as a basis for continuous improvement. The findings up to this point basically show that the customer orientation reforms were variably influenced by different stakeholders, with their views being taken into account in the policy design and implementation. The other supporting reform areas, which were related to production, distribution, service expansion, management, procurement, staff training and motivation, and revenue generation, were duly considered through a process of exemplary stakeholder consultations (Berg & Muhairwe, 2006). However, on pragmatic grounds – such as resource availability, timing and available expertise – the corporation had to prioritise reforms, guided by consensus and compromises, in order to deflect possible accusations of marginalisation of some problem areas that would be contribute to a holistic water service responsiveness to users. An incremental approach to the management of change and reasonable stakeholder involvement led by teams committed to the reform process reduced resistance to change, thereby contributing to a smooth implementation process (Muhairwe, 2009). For example, the ratio of staff per 1000 customer service connections was reduced from 36 to 7 as a cost saving strategy without any industrial unrest.

In the case of the NWSC, it was accepted that the “*why*” and “*how*” of the reforms were as critical as the “*what*” and “*how much*” of change to the water service, when it came to making a difference to users’ lives (CS-04). In addition, individuals’ responses on water problems and how they felt these should be resolved shaped the priority setting in implementing the reforms. The implementation process itself created a new reality, with changes indicating the need to solve un-anticipated problems with a sense of committed pro-activeness. The reforms became dynamic as connected customers, once their initial preferences were realized, naturally kept on demanding more changes, especially in the areas of service quality and customer responsiveness. Implementation largely involved stakeholder bargaining as a way of facilitating organisational transformation that was hardly un-directional and largely subject to contextual factors that are well established in the literature, some of which were not controllable (see also Schick, 1998). The need to focus on analysing implementation in this study is based on the potential to contribute to understanding the reforms and gaining insights that will help manage reforms and outcomes in similar circumstances. In short, the analysis of the actions that contributed to the outcomes is considered essential to a holistic analysis of the value of the policy and its relevance in solving contextual problems that helped to drive the customer orientation reforms.

#### ***4.6.4 Changes in organisational structure to accommodate customer focus***

Further to the above changes, the organisation structure was continuously changed to suit the shift from supply driven to performance and customer oriented water supply. There was creation of the commercial, sales and customer relations departments that tended to have sometimes overlapping roles. This was interpreted by the customer relations manager as a healthy trend indicating that all departments had internalised the need for good customer service instead of only frontline staff (CSM-04). However, the departments helped to

streamline the customer provider interface with other departments and at the same time spread to the lower levels of frontline staff (Muhairwe, 2009). The departments were tasked with improving the responsiveness to water user complaints and also ensuring that bill collection efficiency improves to generate revenue as the main survival strategy of NWSC. These initiatives were based on the conviction by the MD that the challenge of becoming customer oriented water utility implied a complete transformation by taking on board other components of NPM in order to have holistic reforms.

One of the reform strategies was to make the customer relations department to be highly visible in the organisation and this was done by establishing the commercial division that is facilitated with resources and management information systems in order to enhance customer data collection and management (CSM-04). This was done because the proper management of reforms was essentially found to require relevant customer focused support structures. It was also recognised that user orientation needed support by other NPM interventions as a strategy for facilitating the smooth and holistic implementation that is likely to guarantee total customer satisfaction not only with feedback but also actual water service improvement.

First, the existing organisational structure of the NWSC was not focused on customer service values, especially as the water engineering silos or structures were what was considered most important in decision making, sometimes at the expense of other stakeholders (CS-04). Second, some staff thought that it was a waste of time to continuously listen to customer queries, and they had to be laid off or transferred to other duties that entailed less direct customer interface, to pave way for more pro-customer frontline staff. Third, there was a need to address security concerns in a number of areas, to the extent of involving water customers in protecting the water supply equipment. This last issue arose because problems such as

water meter thefts persisted. For instance “each of 8 branches within the Kampala service area was recording an average of 5 meter thefts daily” (SO-04). Some staff continued to cheat customers by giving them fraudulent water bills, as was reported by a security officer in *Water Waves* (Vol. 2, Issue. 1, *Fourth Quarter 2007*). Some of these persistent problems were mitigated by continuously impressing on the staff that *water is life* and any misbehaviour would attract stringent disciplinary measures. Fourthly, the corporation needed supporting administrative, operational and financial interventions, in order to attend to pending applications and complaints that required immediate response and action. According to the Corporation Secretary, the related NPM reforms intended to make customer care a reality included giving more autonomy to managers, decentralising management to local areas, putting in place performance contracts, and training staff to change their behaviour in order to create a more customer responsive culture.

#### ***4.6.5 Creation of customer care section with mandate to relate with water users***

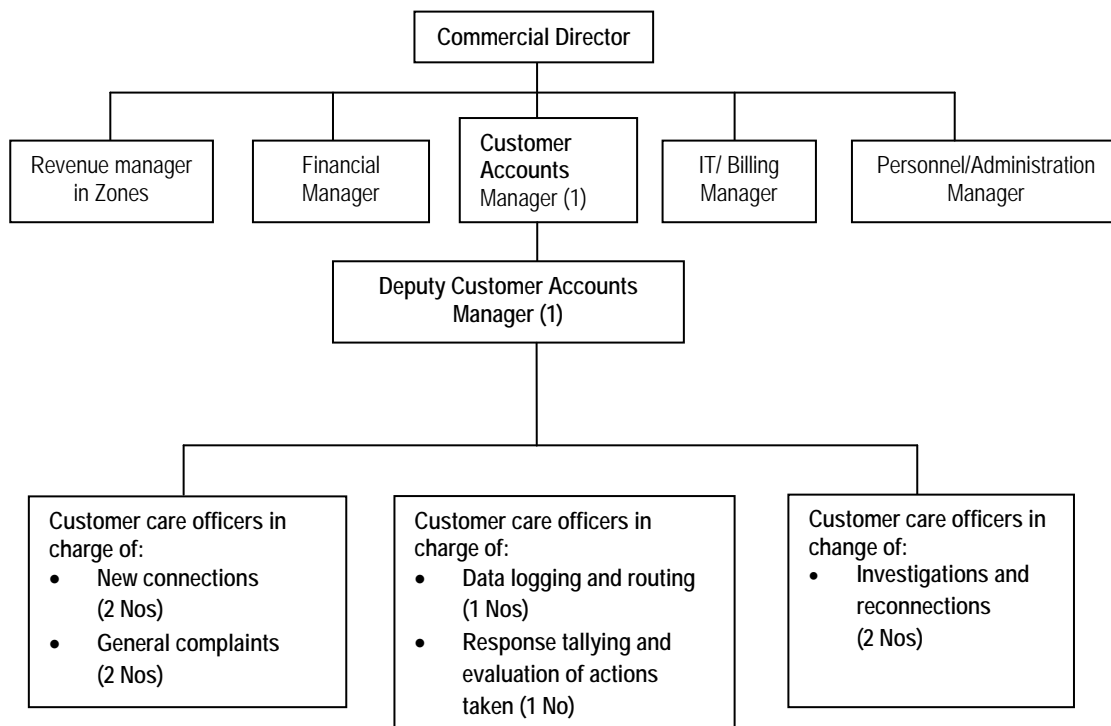
In order to handle some of the outstanding problems, a customer care section (CCS) was established in early 1999, starting with the Kampala area that had 70% of the water services customer base (Kayaga, 2002). Toll free phones lines with a dedicated number, 977, operated on 24 hours a day, 7 days a week, and landlines dedicated to customer service in other local areas followed, thus easing customer access to staff. There was a parallel creation of complaint call centres (3CS) and these were charged with the following specific objectives:

- *To act as nucleus section in enhancing recognition of the fact that the customer is king and is the reason the NWSC exists;*
- *To recognise the importance of handling customers with the utmost care;*
- *To ensure customer complaints were solved in the shortest possible time, in any case not later than a week from the time of filing a report;*
- *To ensure that customers were helped to understand NWSC procedures, policies, tariffs and the like, in order to minimize complaints;*

- To ensure, through field investigation, that customer information matched that on the database, so that correct bills would be sent to customers, and that customers would only be billed for what they used;
- To investigate and get to know all the water consumers, and their categories, so as to reduce the possibility of unaccounted-for water consumption, and hence maximise revenue collection;
- To minimise the number of terminated accounts; and
- To ensure accurate billing in order to minimise customer complaints (NWSC departmental and staff duties; 2004).

The new NWSC organisational structure, as of 2004, included the new customer care section. The heads of the care sections are not separately indicated under the directorate, in order to demonstrate that in the reforms customer care responsibility was a cross-functional role, with everyone in the organisation's areas being involved, not only frontline staff. The new customer care section structure, detached from the main structure, is shown in figure 4.3 below.

**Figure 4.3 The organisational structure for the new customer care section**



Source: NWSC, 2004 cited in Coates et al (2001)

As seen in the above figure 4.3, the structure presents roles that are based on some of the performance problems that were considered critical for transforming the NWSC into a truly customer oriented urban water public utility. The main customer relations issues that the structure was intended to facilitate have been listed above for ease of reference about the main thrust for reforms.

The above actions indicate that the management of NWSC was aware of the need to make customer care an inter-organisational responsibility that is only coordinated by the customer care department. Given the nature of water supply at various levels of operations, distribution and financial functions the all staff would somehow come into contact with customers and through training they were encouraged to relate well with customers (CSM-04).

#### ***4.6.6 Complaint management through call centres and involvement of all staff***

The top management was convinced that the monitoring of complaints, proposals and compliments was the best and cheapest means of gauging customers' reactions to their water service experiences and that this would help to set viable reform objectives (Muhairwe, 2009). The challenge was for the NWSC to act on customer complaints in an efficient and effective manner that enhances its reputation. In order to manage customer complaints effectively and encourage customers to give their opinions freely, the communication channels had to be accessible to both users and frontline staff without excluding other staff. The customer care managers identified and involved the appropriate technical departments/sections either directly or indirectly, so that the customer care culture process permeated the corporation. Consequently, a strategy was drawn up, detailing duties and resources for each of the collaborating department/sections to achieve the above objectives (CSM-04).

More specifically, some of the partner sections of the NWSC that were involved in the management of customer care and complaints management included: the customer care unit, the zonal operational offices, the operation and maintenance section and the geographical information system section. The staff involved had duties that include meter repairs, new connections, block mapping surveying, billing, meter reading, document filing, and customer audit (HRM-04). Related to the roles performed by the above sections there was another innovation that introduced the '*custima*' *billing system* to handle some of the bill-related issues that were proving a constraint to revenue collection. According to Coates et al (2001).

*" . . . this is a .....powerful computerised billing system with a number of key features including the ability to update the customer payment record at the payment counter, through a networked computer. This enables the payment clerk to confirm the latest position on the customer's accounts with the customer in person thereby reducing the number of complaints related to poor billing. The customer centred programme,.. also has the capacity to produce useful management information, such as lists of different types of debtors, for appropriate action" (p.17).*

The customer service manager (CSM-04) acknowledged that as a result of the above measures, the number of complaints in respect of bills received had been on a downward trend. Also interesting was the fact that the number of pending general complaints was also on a downward trend. The objectives for improving complaint management, which sometimes inevitably coincided with those of the customer section described above, were to ensure:

- *Co-ordinated efforts to solve customer complaints by the customer care section, the zonal operational offices, the audit departments, the technical departments, and the block-mapping section, so as to provide a faster response;*
- *Frequent reconciliation of customers' complaints with what exists in the NWSC information systems;*
- *More input by customer care staff, including working longer hours;*

- *Faster decision-making on customers' queries by the responsible staff; and*
- *Pro-active working methods of cross-checking bills and taking corrective action before they are sent out to customers* (NWSC departmental and staff duties; 2004).

The complaint management role representing responsiveness to user voice was therefore an important part of customer service reforms in the NWSC. In order to reinforce these reforms, another key component of customer focus was conducting user satisfaction surveys as a regular activity. However, overall the volume of complaints registered increased and other areas of dissatisfaction as a result of service expansion to more customers who identified other areas of dissatisfaction.

An interview with some call centre staff (CCS-04) revealed that they receive both technical and commercial complaints and forward them to respective officials and branches with some assurance as to when the queries will be resolved. However as one customer complained that sometimes the targets for resolving complaints are not achieved but responded to in most cases with some reasons for failure given with an apology. The water customers were reported to mainly dealing with engineers for technical complaints and commercial officers for customer relations related issues. There are mechanisms of complaints for customers using case reference numbers to ensure that they are handled faster and a feedback is given to customers with a report to senior manager for the work done or uncompleted. One of the customer staffs interviewed that they like being verbally thanked by customers for a job well done and this motivates them to do better every time.

#### ***4.6.7 Conduct of customer satisfaction surveys in NWSC***

While the top management has acknowledged that billing has improved as a result of initial reforms, the increased customer base has brought a need for more staff and resources for



prompt meter billing. This challenge still persists, partly due to resource constraints, but is continuously being addressed as competent staff are recruited and trained to cope up with the billing situation (Muhairwe, 2009). The initial improved billing could have reduced customer complaints; but rather than bringing increased customer satisfaction, it brought more demands, indicating that dissatisfaction was being stimulated by higher expectations arising from on-going service improvements. The evaluation of the impact of the new complaint management system on customer satisfaction was achieved through continuous satisfaction surveys, done internally. For example, customer satisfaction cross-sectional surveys were carried out in November 1999 and in January 2001, using a random sample of registered customers who were selected using a computer statistical package. The results further demonstrated that the NWSC Kampala area had substantially improved their bill management efficiency over a one-year period. However, other non-core service aspects, such as facilities for car parking and customer waiting, had not improved at the same rate, because they were perhaps regarded as non-core in ensuring customer satisfaction.

In 2004, under internally managed surveys, water customers were asked several questions concerning their perceptions of the effectiveness of the change management programmes instituted in the previous two years. The findings indicated that a proportion of sampled customers felt that the reforms had improved the behaviour of staff towards customers, as reflected in some important water service attributes. Generally, the survey results indicated that most water customers felt that the change management programmes had led to an improvement of NWSC staff orientation towards providing customer care.

As mentioned earlier towards the end of 1998, there was change in the top leadership of NWSC. The board of directors was changed, which in turn appointed a new managing director who had a PhD in business management although he had no previous experience in

water management but in public utilities generally, the expressed willingness to learn from other experiences in order to turn NWSC around. The new management carried out a situational analysis customer related problems which identified the following critical operational problems.

- *High unaccounted for water in the range of 60%;*
- *Low collection efficiency of about 70%;*
- *Out of 12 service areas, only three towns were able to break even commercially. The rest of the service areas were being cross-subsidized;*
- *High accounts receivable equivalent to 14 months' billing; and*
- *Poor customer relations resulting into a low willingness-to-pay for service (Mugisha, 2006).*

It was correctly interpreted by management that the above problems had resulted in persistent low service coverage. For example, in the city of Kampala, the service coverage was about 40% of the target population. This was far below the present 70% after customer service reforms as part of its contractual mandate monitored by government (see also Schwartz, 2008). In reaction to the existing situation, the new management adopted a strategy of internal reforms. Since early 1999 there has been a series of short-term performance enhancement programmes with various code names such as 100 days programme. Subsequently there was the service and revenue enhancement programmes (SEREP 1 and SEREP 2) detailed by Mugisha (2005; p.37). The key objectives of these programmes were to:

- *Improve capacity utilisation and ensure acceptance water quality and sewerage effluent;*
- *Reduce unaccounted-for-water and increase of service coverage;*
- *Improve revenue collection;*
- *Reduce operational costs; and*
- *Enhance customer relations management as the driving force for other reforms.*

All the above primary objectives captured the fundamental problems that were afflicting the corporation that had to urgently be addressed. This case study describes the actions taken by

management and staff of NWSC since early 1999 to improve customer relations management in particular.

The Board and management set up task forces based on various performance issues with particular emphasis on customer care initiative as the main driving force for change. Using externally sourced moderators, a seminar for staff involved customer care was organised to brainstorm the causes of poor customer relations in NWSC. Six different discussion groups advanced a considerable number of problems that had to be immediately addressed if NWSC was going to survive as a viable organisation. The first set of problems that were faced by frontline staff included: insufficient knowledge of systems and procedures of NWSC; lack of specific job descriptions; lack of training in customer relations; poor motivation; inadequate facilitation; lack of empowerment; and lack of job security. The second set of problems that were faced by staff as internal customers included: lack of co-operation or team spirit among various staff; poor communication among various staff; favouritism on the part of some superiors; engagement of junior staff on non-official tasks; collision of some staff with dubious customers; and misguiding of customers for personal gains. The third set of problems that were faced that were generally management related included: poor information systems; poor official policies and procedures; harassment of staff by security firms; poor records management; bureaucratic systems and procedures; poor inter-departmental co-ordination; delays in handling customer queries by especially operations departments; and lack of recognition management of the importance of customer relations. In order to address some of the problems strategies were put in place to motivate and empower relevant staff teams to value customer service as a basic tool that drives all their activities. The MD promised confidently that with a more customer responsive work force the bureaucratic bottlenecks would be reduced and there would be more freedom for workers to use the NWSC assets to benefit water users first, the organisation and ultimately themselves (Muhairwe, 2009).

#### ***4.6.8 Changes in organisational culture***

The case of NWSC has been characterised by committed leadership that is innovative and therefore a blessing to the turn-around of the corporation as recently noted in the President and Prime Ministers speeches where they launched on different occasions the MDs book evaluating reforms from his personal experience in 2010. This was depicted in surprising public announcements of 100 days programme where the MD promised to make corporation more customers friendly by motivating the frontline staff. The existing public relations with the public were before reforms bordering on notoriety and animosity (Muhairwe, 2009). As already acknowledged, the Board and management focused on creating teams to drive change that were led by reform champions who were widely exposed to business literature on implementing customer service as a win-win situation for all stakeholders. There was encouragement of copying, adopting and replicating business and public sector best practices (Mugisha, 2006). Parallel to the customer service reforms, the MD advocated for a pedigree of other interventions that take into account corporate social responsibility, one minute manager, stretch out, development of entrepreneurial skills, internal competition and responsiveness to user preferences in particular that have contributed to overall customer orientation in NWSC.

Further to targeting the above behavioural changes there was sustained and effective critique of past performance by involving some stakeholders in resisting bureaucratic and professionally dominant behaviour in favour of more responsive approaches to water user demands by fostering synergetic relationships (Muhairwe, 2009). To support the different changes at the administrative level, there was continuous inculcation of new work culture that promoted punctuality, time management, shaming and praising, celebrating success and assuring good performance with employment security and without political favouritism. The

reform focus was essentially to create new staff attitudes and behaviours that were supportive to good customer relations management.

The initial results indicated that support by the establishment of customer care sections at local areas helped to improve customer relations. Most managers reported reduced number of complaints being registered on most water user related problems that were easily resolvable. Alongside the reform process the management was aware of the main challenges for NWSC to further develop customer responsiveness as a true business philosophy that is embraced by all staff including the water engineers. This required a change in organisational culture that shapes new values, attitudes, perceptions and behaviours that take time to become dominant by displacing the old cultures. The commitment to behavioural change is further captured under the MD's message in Water Herald Vol. 2 Issue 8 of October 2005.

*“the corporation continues to lay emphasis on reaching out to its customers in a cost effective and efficient manner. Particular focus was directed towards refining and improving the implementation for the new connection policy. This was addressed alongside the consolidation of the decentralisation activities to area / territorial zones, where customers became more accessible than under the centralised arrangements. ” p.1*

Water management collaboration training of water engineers with the public utility research centres, WEDC at Loughborough University, World Bank, Germany and Technical Assistance (GTZ) are acknowledged as they were instrumental in fostering benchmarking of international best practices. Further innovations are summarised under the activities of *“the continuous performance improvement programmes (i.e. 100 days, SEREP, APC, STRETCH OUT, IDAMC's) with MD as the chief architect of change management in NWSC have been key to the success registered so far.”* (Mugisha, 2005).

#### ***4.6.9 Management of change to overcome resistance to reforms***

The management of change strategies to reduce resistance from various stakeholders and various levels of the workforce were put in place through various leadership and management strategies (PU-05). The first strategy was gaining confidence and support from the government, donors and suppliers so that workers were assured that they not alone in embracing the unpredictable transformation of the corporation. Secondly, the staffing levels were reduced with appropriate severance packages for staff who were found not able to cope with the reform challenges. Those workers who were found inadequate in coping up with rapid changes were encouraged to retire voluntarily with the necessary incentives to do so. Thirdly, benchmarking of international best practices was encouraged as already pointed out above and business literature on service improvement was distributed to staff and reviewed in workshops and during office hours.

Fourthly, a research and reading culture was established in the corporation with staff being encouraged to Master and PhD degrees related to water management business amid passive resistance from some old staff. Fifth, time management was evidenced by checking in and out to ensure that attendance on duty was a priority for managers and staff. Sixth, management autonomy was enhanced by government keeping distance from the daily operations of NWSC thereby encouraging innovation and risk taking that reinforces cultural change. As reported in the literature one of the enabling conditions for a customer oriented water utility is having management autonomy to take risks and innovate on top of the other interventions (see also Schwartz, 2009). In the case of NWSC the 1995 Statute, amendment regulations of 2000 and performance contracts with government provided for management autonomy that enabled the reforms to take place without unnecessary levels of external approval and undue political interference. Lastly, flexibility in budgeting with board support

encouraged prudence in financial management and timely hiring of skilled staff to reinforce reforms.

#### ***4.6.10 Corporate relations management***

The corporate relations management was prioritised as a way of taking care of general public queries and minimising resistance to reforms (PRO-04). First, the use of media in marketing the reforms was very important especially in ensuring that politicians and other stakeholders were continuously informed about what was going on. Secondly, through quarterly and annual reports including widely distributed newsletters the reform process was basically in the public domain. Thirdly, the position of the Principal Public Relations Officer was elevated to report directly to the MD and ensuring daily review of public or media related issues to ensure timely feedback. Fourthly, there was also close coordination between the public relations officer and the customer relations department to ensure that different types of queries from the public are urgently handled at the appropriate levels before they escalate. As a result NWSC gained a positive rating in the mindsets of most stakeholders as a result of the media and communications strategy. There was regular media analysis that helped improve the cooperation between the media and NWSC. This has been rated as one of the strengths that enabled the reforms to take root and gain the necessary stakeholder support.

#### ***4.6.11 The customer service charter***

For the NWSC customer service charter is the central document that sets out rights, obligations and responsibilities of water users and correspondingly NWSC organisational and staff obligations to customers (NWSC Customer Charter found on <http://www.nwsc.org.ug> website). The customer service charter that has been widely distributed in the public domain has put a lot of pressure on the management to manage according to its promises to the customers. This has been regarded as an innovation worth emulating especially for

government departments that operate under secrecy and confidentiality and whose mandates are usually known by the privileged few. All categories of water user can now go to the managers and demand for services based on the policies that the corporation has transparently declared to them as rights which are accessible without discrimination. The management strongly believes that by engaging with water users they are likely to sustain water service delivery by fostering greater involvement across different categories of customers (Muhairwe, 2009). This is intended to help value feedback from water users to inform decisions to avoid disruptive resistance. This involved putting in place strategies that build new relationships between internal and external customers of NWSC. The staff is now rewarded according to how well they serve customer and customers who meet the water service commitments are equally rewarded in publicised ceremonies in order to motivate others to do likewise. The MD out of excitement in the review workshop in Fort Portal promised that NWSC under continuing reforms is now aiming at creating a water production and consumption family (Quarterly Review Report, April 2009).

#### ***4.6.12 Challenges to customer orientation implementation***

Implementing strategies for managing customer relations can sometimes raise difficulties in measuring effectiveness, as increasing customer awareness of credible channels for their voice can pose a substantial management challenge or even become a burden given limited resources. According to the customer accounts manager, there were important challenges to improving customer relations management in the NWSC. According to the customer care manager first, there were difficulties in deciding on the adjustment of customer bills, due to a lack of concrete evidence to base such adjustment on. This was partly due to poor records management on the part of the NWSC. Second, there was a tendency to adopt a populist management of change stance that avoided policy issues that would be unpopular with the



customers, such as the inheritance of bills. Third, there was poor maintenance of meters, resulting in frequent failures. This also contributed to bills based on estimated consumption, especially when the meters were faulty. However, estimated bills were usually a source of disagreement with customers, and in some case meters were vandalised or even stolen (see also NWSC Water Waves Newsletter, September, 2005).

Fourth, there were delays in carrying out meter exchanges, due to a shortage of meters in the utility which was partly caused by inappropriate procurement systems that have since been addressed (see Mugisha, 2006). Fifth, there common delays in solving technical problems by related sections that were manned by water engineers, who took a long time to acknowledge the importance of water service. Sixth, there was a prevalence of fraudulent tendencies among some customers, sometimes in collusion with staff, who tampered with meters, carried out illegal meter exchanges, made meter by-passes, and made illegal connections and reconnections. Seventh, there was lack of guidance on how to handle complicated complaints, thus requiring top management intervention and encroaching on these people's time as they handled strategic management issues. Eighth, there was ignorance on the part of some customers about their rights, responsibilities and obligations that are now widely publicised in the customer charter although not including local languages. These were available on the website and also in the NWSC brochures, but sometimes these were scarcely accessible by illiterate water users. Ninth, there was lack of adequate empowerment of staff to handle complaints and shorten the complaint-solving process. This was linked to inadequate training of customer care staff and to the motivation of customer care staff, some of whom feared that customers would victimize staff who resisted bribes. These fears have in some cases led to complacency as the MD for example reported in a review workshop in August 2009 that he made 100 anonymous telephone calls to tempt managers in various areas in Kampala

tempting them with shade deals and about 15% accepted to be compromised. Disciplinary action was taken against them although it raised ethical questions as to whether tempting an official would be a sustainable ground for disciplinary action.

In sum, reflecting on some of the above challenges helps us to understand the difficulties of reforming a public water utility as spelt out in most reform literature. It also reinforces the argument that effective reforms are not necessarily provided by a one-off intervention, as sustainability requires continuous assessment of challenges and the addressing of these on an incremental basis based on objective data (Muhairwe, 2009). The sub-section next discusses from the overall context what was involved in the policy construction and implementation process as analysed in the previous sections. The emerging general finding is that the way the customer orientation policy design and implementation affected the water service changes in NWSC from different perspectives.

#### **4.7 Overall assessment of the policy formulation and implementation**

As proposed under the analytic framework in chapter 3, in order for appropriate policy formulation and implementation to take place some important factors have to be taken into account by the policy makers, managers and other key stakeholders that we have identified in previous sections. In the direction of stakeholder involvement the management of NWSC recognised that reform is about process, outputs and outcomes that affect people lives with some winning while others especially status quo beneficiaries becoming potential losers who will naturally resist reforms. Then also the reforms assessment is about content of policy in terms of decisions and how it will be applied in a particular context that has been one of the aims of establishing how it worked in NWSC. It was felt that the tendency to focus on policy

content and objectives is inadequate when the actors, legal framework and gaining stakeholder support are not well addressed. The reform results have shown that the situational analysis to stakeholders was important in influencing and improving the quality of decisions in designing policy relevant actions. In respect to application of the reforms associated with good corporate governance and public participation was found necessary to enable smooth policy implementation with as little resistance as possible. There was also focus on effectiveness of the organisational, human and financial resources without excluding key stakeholders support. The other strategies applied to improve policy implementation included enhancing inter-organisational collaboration between government departments, stakeholder analysis and taking into account contextual challenges.

The NWSC reform team realized the content of the policy is not valuable in itself without being put into practice. In this case the translation of the objectives into policy outcomes. This case took into account that badly implemented policy is likely to contribute to poor performance. As customer policy was understood as both a process then, the successful policy outcome depended on designing good policies and most importantly managing their implementation. As earlier observed policy implementation is not a straight forward process as it involves technical, political complexity and interactive considerations that the top management of NWSC has acknowledged as the motivation for incremental other than one-off reforms.

The strengthening of the implementation of customer orientation was also through Monitoring and Evaluation Unit that was a new establishment in the organization structure of the reforming NWSC (Mugisha, 2006). Policy implementation in NWSC was structured based on the objectives and actors who would be involved in the process either as potential winners

or losers. The stimulus for change was both internally and externally driven as the decisions involved were highly political given the mood created by initial privatization scandals (PU-04). However, the technocrats including the MD were the ultimate decision makers on what was adopted and adapted in the policy formulation and implementation process. There was less use of external consultancy in the organisational redefinition of new tasks and overcoming the obstacles related to managing change.

As expected the customer service policy implementation process was not linear and coherent as it mainly activated through incremental policy and management learning process and to that extent it was sometimes unpredictable given critical instances of dealing with uncooperative customers (CS-04). Several agencies and stakeholders were involved in implementation to reduce risks by creating legitimacy and minimal losses to some key actors whose support was crucial to reform process. The initial strategic tasks included policy legitimization, constituency building within and outside the organisation, resource mobilisation, organisational redesign and modification, taking well conceived actions and monitoring progress and impact of policy change (see also Berg, 2005). However, the most difficult task was sequencing the timing of various related interventions to avoid cross functional conflict that was inherent in past departmental silos where each department thought its contribution to organizational success was better than others but only marginalised. Another related challenge was that leading change and controlling actions to minimise stress and interruptions to staff and water users without justification. The strategic issues further included getting that right visionary focus that would rightly be applied, reinforcing internal processes through external focus, ensuring good fit between the prevailing Ugandan context and the organizations capacity to create enabling environment for reform implementation. In

this case the MDs good communication skills and his public relations strategy are credited for gaining the support from key stakeholders (Consultant-04).

The policy changes were reviewed generally by the Research and Monitoring Unit which updated on demand the Board and top management and through quarterly review workshops to all team members of the reform process. The issues being monitored were input, process, output and outcome oriented and are generally include transformed staff behaviour, benefits to clients, production efficiency, achievement of objectives and recognition of untended consequences that either supported or derailed the reform process. There was no hurry to predict long-term benefits although as of 2010 they are now more visible than in 2004 when the initial research was done. Through periodic review and evaluation the tracking of reform implementation progress, challenges and outcomes were pointed out as factors that critically explain the gaps that needed to be attended to sustain the reform process.

Trying to be in charge of the comprehensive picture of reform issues became a daunting issue for management and this was addressed through devolution of some powers to the local areas to see how best some incidental cases could be handled. The sequencing of the reforms was quite challenging with experience of trying too many interventions intended for different purposes. For instance, handling commercial and social obligations was claimed to be overburdening the corporations viability. This thinking and practice was demonstrated in a workshop held in Fort Portal in April 2009 where the researcher made a presentation on this research. There was an interesting hustle related to budgetary allocations where some managers referred to the egg and chicken situation as to whether the priority could be produce and distribute enough water first or attend to customers nicely first without it. At the end of the workshop the MD joked that we water researchers are good at provoking controversy

where none should be and I responded by saying that we need both the egg and chicken to completely understand what each stands for.

As a key strategy for team building and stakeholder involvement the NWSC has been exemplary using regular workshops to legitimise reforms thereby limiting resistance. International benchmarking with similar urban water reform experiences was adopted through attending international forums, visiting other water utilities and external consultancy contracts intended to build capacity (CS-04).

One of the engineers acknowledged at the monitoring level there were some fundamental problems that were discovered and addressed (WE-04). This included who collects and what kind of data, who analyses data, how is fairness guaranteed without an independent monitoring and regulatory agency to enforce standards. Another concern was who was better qualified to report on both technical and policy context to solicit an acceptable feedback without appearing to be looking for shortfalls at the expense of opportunities. This required prior agreement of the performance indicators which were specific to the departments and at the same meaningful to overall individual and organisational performance as well as easily interpreted terms of benefits to the customers that required complex analysis and decision making. Without an independent regulator it meant mostly the performers were monitoring themselves that could potentially lead to conflict of roles and interest. This raised issues of likely bias of being judge in an own case or even selectively demonstrating unsupported success. The negative attitude to external consultancy also affected the credibility of the internal evaluation could not be independently reinforced by independent actors. Further, the focus on monitoring and evaluation with possible the best intentions was sometimes accused of favouring operational issues, internal process management, trends in meeting set

objectives, without focusing on the wider perspective on outcomes that would benefit customers.

Arising from the above prior concerns related to the technical and institutional analysis lessons were learnt that called for more consensus building, enhanced key stakeholder participation, conflict management, negotiation and compromise, contingency planning and adaptation through management of change. The policy context in the subsequent analysis included the political will and empowerment of the indigenous leadership that are essential for sustainable policy reform implementation (MD-06). In the case of NWSC the policy implementation had to relate to good governance where transparency and accountability, increased citizen participation, flexible structures and procedures supported by instrumental/legal framework to ensure fairness were reported to be important considerations after water service performance.

## **4.8 Chapter summary and conclusion**

This chapter has principally shown that the application of customer orientation in NWSC was characterized by transformation in organizational culture that was supported by the government, the Board, senior management and correspondingly by the water users without whose cooperation the reforms would not make much sense. The enabling factors were mostly stakeholder commitment and involvement, organizational learning and entrepreneurship, team working and collaboration, risk taking, open communication, continuous improvement, customers focus (both internal and external), partnership with suppliers, and monitoring and evaluation of service changes as a result of reforms. Overall the case of NWSC demonstrates how customer orientation can be designed and implemented in a

developing country context by striving to provide a superior service from both the water users and provider perspective.

Further, the experience of NWSC showed that it is important to take customers as the core group of stakeholders which puts their needs and perceptions to be critical to any reform success. This meant visibly involving customers by incorporating their concerns in decision-making, strategic management and ownership as the next step towards being truly customer responsive. This required re-thinking the strategic approaches on water management towards customer involvement and public information strategies that support water utility reforms irrespective of ownership as shown in the analysis. It was demonstrated that unless corporate social responsibility is incorporated in the reforms, they are likely to face stiff stakeholder resistance that is counterproductive to the reform implementation and therefore policy success.

The implementation process had both good moments and challenges that are still being reviewed. The Government terminated the efforts to privatise NWSC, as it had observed considerable improvement in water service delivery as a result of the reforms. Therefore the in the case of NWSC the potential for continuous benchmarking and improvement was found necessary to guarantee water service improvement is therefore evident. The problems, which were communicated to frontline staff at call centres, constitute the most critical issues that the reform of a customer-oriented water service addressed. The trends on financing reforms as reported by the MD (Muhairwe, 2009) indicated improved revenues and customer willingness to pay. However, these improvements have not matched with increasing water demand and costs hence the need for external support from government and donors.



Having discussed some of the factors that determined the application of customer responsiveness reforms, we now turn to analysis some of the key reform outcomes and explanation for performance as the subject of the next chapter.

## CHAPTER FIVE

### HOW HAS CUSTOMER-ORIENTED POLICY PERFORMED FOR THE NWSC, AND WHY?

#### 5.1 Introduction

Chapter 4 analysed how a customer-oriented policy was formulated and implemented in the case of the NWSC. This chapter will analyse the results of implementing customer-oriented policy from a multiple stakeholder perspective, as laid out in the analytical framework described in Section 3.7 of Chapter 3. First, it analyses how reforms contributed to demand-responsive network expansion, water reliability and affordability, ease of access to water users, the sharing of information on water quality, complaint management, and overall customer satisfaction. Second, it analyses the effect of customer-oriented reforms on pro-poor demands for water supply. Third, it identifies other factors that explain the effect on performance of a customer-oriented policy in urban water supply, before concluding. In order to respond to the second research question using the above themes, this chapter is structured around responses to the sub-questions below:

- *How have customer-oriented reforms contributed to changes in the way water services are delivered in the NWSC?*
- *Has responsiveness to water user opinion been enhanced in urban water supply as a result of the reforms?*
- *To what extent have pro-poor concerns benefited from the reforms?*
- *What factors explain the effect on performance of the customer-oriented policy in urban water supply?*

## **5.2 How has customer focus changed water services in the NWSC?**

### ***5.2.1 Introduction***

An understanding of the pre-reform situation is necessary to track changes that can be attributed to a particular intervention and this would ideally involve longitudinal study. As an alternative, a cross-sectional study using multiple perspectives can be important in analysing views on whether there have been noticeable changes that reforms could have contributed to. Professionally-oriented service delivery assumed that what would constitute a desirable service for customers could be anticipated without the latter's input into service design and actual delivery. However, as argued in the literature, more customer-focused service delivery promises greater responsiveness, efficiency and effectiveness as desirable goals. Given this understanding, the general need for changes on which reforms were based is described as follows.

### ***5.2.2 Pre-reform problems addressed in urban water supply***

As already established in Chapter 4, the pre-form water supply situation in Uganda could be characterised as follows. In spite of investing about \$100 million under donor supported projects, mainly targeting infrastructure improvement, the supply-led service-oriented reforms that were initiated in the early 1980's generally failed to improve water services (World Bank, 1998). The NWSC had a poor reputation which was taken as justification for urgent internal reforms and possible privatisation. An analysis of the water-related problems during the liberalisation era of the 1990s also indicated general customer dissatisfaction with water services. This was largely attributed to poor management, lack of resources and reluctance to embrace customer-focused reforms as part of the overall NPM reform strategy. The conventional political view then in Uganda also supported by donors was that the answer to

the chronic problems in public utilities would be privatisation by foreign investors. It was anticipated that foreigners would bring in capital investment and also improve management efficiency and effectiveness. There was more trust in foreign management consultancy to manage the reforms, as advocated by the donor community, without consideration of local expertise that was likely to be more conversant with the context of the reforms. This idea was opposed by the NWSC management who preferred home grown management that would only be supplemented by foreign consultancy support when only objectively required and affordable (Muhairwe, 2006).

The initial private management contracts in 1999 to 2004 in Kampala did not produce the desired results, as operational and management costs escalated without the anticipated corresponding improvement in revenues. Foreign managers were being replaced at an alarming rate and were being paid enormous packages that effectively demoralised their local counterparts and staff. This situation led to the discrediting of management contracts and the resulting tensions largely contributed to the failure to privatise the NWSC (Muhairwe, 2006). The alternative was an internally driven turn-around programme that was initiated in 1998 and, surprisingly succeeded within the historic period of a hundred days in changing the corporations' reputation, largely because of the initial focus on satisfying the customer (Berg & Muhairwe, 2006).

The above concerns provide the basis for assessing the outcomes of customer-oriented reforms in the NWSC. However, it is also important to recognise that measuring the performance of water utilities from multiple stakeholder perspective, is not an easy task and can potentially lead to lack of focus on what is actually related to the customers who are ultimately the service beneficiaries. There is sometimes reliance on evaluating the

perceptions of users or providers as to what they think of as having improved using numerical indicators that are technical in nature, or user-oriented indicators, all of which can be difficult to agree on and capture in a single study. However, the old business adage that if you cannot measure a task then you cannot manage it still holds. It was argued by Peter Drucker many years ago and was found to still be relevant to urban water supply in Uganda in guiding the reforms. The management believed justifiably that reforms were not an end in themselves and could only be valued based on the extent to which they reduced the pre-reform problems to a more measurable and possibly manageable level (Mugisha, 2005). This study notes the generally accepted indicators which collectively provide a picture of utilities' performance, as identified by Tynan and Kingdom (2002; p.1), as follows:

- *Efficient and effective capital investment;*
- *Efficient operations and maintenance;*
- *Responsiveness to sustainability;*
- *Responsiveness to customers; and*
- *Accountability to stakeholders:*

The above indicators can also be used in research to capture important water supply issues related to commercial performance, coverage and access, service quality, and price and affordability issues from various stakeholder perspectives that were targeted for reform in the NWSC (Mugisha, 2005). The first two indicators have been adequately addressed in various studies on the NWSC reforms (Mwoga, 2004; Mugisha, 2005; Mugabi, 2007, to mention). However, to address the objectives of this study, the last three indicators are adopted in the analysis under the themes of responsiveness to water users' demands, including key stakeholder participation, as reform strategies adopted by the NWSC. As the MD

acknowledged, the reform priorities captured the three indicators that tend to emphasise more inclusive dimensions of customer responsiveness in water supply:

*“The change management programmes that the NWSC initiated and implemented after 1998 were driven not only by the quest for sustainable commercial viability and profitability but also by the determination to deliver efficient, cost effective and affordable water and sewerage services in order to achieve and sustain customer satisfaction. Indeed, given our conviction that “the customer is king” and “the reason we exist”, one of the missions of the NWSC has been “to be a customer-oriented organisation providing excellent water and sewerage services in a cost effective manner”. . . . SEREP. . . focused on the needs, expectations and aspirations of our customers. Since then, with generous donor and government support, all NWSC programmes and activities have revolved around customer happiness, contentment and satisfaction with our services . . . the evolving partnership between the NWSC, the public – especially the customers – and print and other media as a result of successive change management initiatives since 1998” (Muhairwe, 2009; p.278).*

From the MD’s perspective, provider responsiveness to customers, and accountability to stakeholders, captures water service improvements based on demand as measures of good corporate governance that has had not been a characteristic of traditional water public utilities (see also Seppala et al, 2004). The consideration that the customer is the key stakeholder whose role should be integrated into the design and management of water services was an overall service improvement strategy that was supported by other interventions such as contracting, restructuring, change of organisational culture, decentralisation and legal reforms as established in chapter 4 (see also Mwoga, 2004)

### **5.2.3 Customer satisfaction surveys**

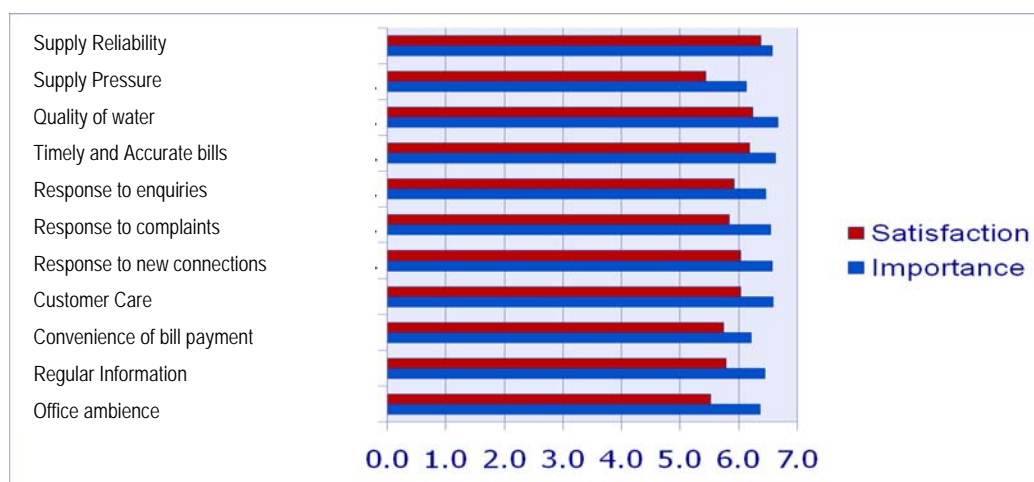
In order to comply with its service obligations to the customer, as spelt out in the widely publicised Customer Service Charter, the NWSC, through the Department of Research and Development (RD), facilitates quarterly customer satisfaction surveys. The surveys help

managers to identify and assess action areas for customers' benefit. The undertaking of this work by the RD department has been preferred, as it is a cross-cutting function within the organisation and has the necessary technical expertise (SM-08). Working in close coordination with the departments responsible for customer services and public relations, it ensures that the right questions are asked in order to get the relevant information (CO-09). The survey approach that is often used is that of telephoning customers whose contact details are available in the database. However, this excludes those without phones, especially the poor and people with hearing disabilities. The preference for this method has been on the grounds that it is efficient and cost effective for periodic assessments. To supplement the information, other methods such as strategic customer alliance meetings and distributed questionnaires have been used in some areas with some positive results on customer satisfaction.

The reported objectives of the periodic NWSC surveys are as follows: first, to ascertain the importance customers attach to various attributes of water services; second, to find out customers' perceived satisfaction with NWSC water service performance; third, to understand the priorities for water service improvement and the scope of these; fourth, to develop a framework for benchmarking results; fifth, to use the results to monitor and evaluate the reform processes and outcomes for continuous improvement (Customer Survey Report, 2009); sixth, the to generate holistic responsiveness to customers in terms of feedback and improved water supply (CO-09). To achieve all the objectives requires resources and adequate skilled personnel to evaluate the information and recommend the relevant interventions. One of the telephone surveys that was done over a period of six months and completed in June 2009 used a total sample of 1742 customers from six areas of Kampala, Bushenyi, Entebbe, Kabale, Mbarara and Tororo. The results indicated that, on average, customers attach high

importance to the same water service attributes as have been found to be important in previous surveys done since 1999 (CO-09). These attributes included reliability of water pressure, water quality, timely and accurate bills, responsiveness to resolving complaints, responsiveness in effecting new connections, customer care, convenience of the bill payment process, and office ambience. Figure 5.1 below shows the performance matrix for Kampala household water customers on how they rate the different water service attributes.

**Figure 5.1 Customer rating of satisfaction and importance of water service attributes**



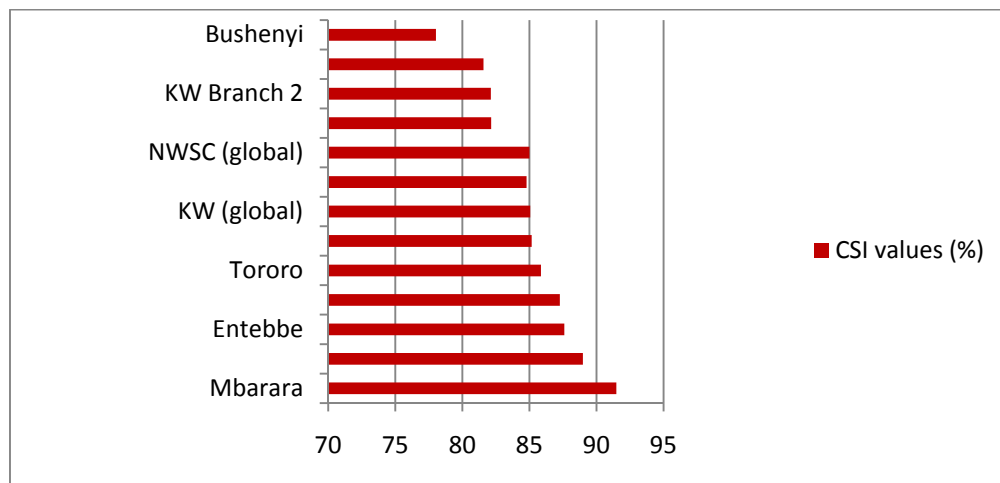
*Source: Mugabi & Mutuwa - Customer Relations Officers of NWSC 11 August 2009*

One interesting but perhaps expected finding from the above survey was that there are some variations in perceptions: some water users seem affected by differences in geographical areas while others show that similar people have different perceptions of the same attributes of the same service. Further on this point, the survey found that customer satisfaction as a result of the reforms was moderate for most attributes discussed above, except for office ambience, convenience of the bill payment process and customer care. Satisfaction with technical attributes that include supply, pressure and quality was generally lower than with customer-related attributes. This implies that a core area for improvement lies in the technical and quality dimensions of water services that were reported to have been incorporated in measuring the NWSC performance.



The above Figure 5.1 showing customer rating of satisfaction and the importance of different water service attributes in Kampala Water demonstrates that the gap between actual experiences (satisfaction) and expectations (importance ascribed to the attributes) is reasonable, and supports the findings from other sources discussed in this chapter. This demonstrates that one of the main objectives of customer-oriented reforms was reasonably achieved. Figure 5.2 below showing NWSC customer satisfaction index (CSI) values by area gives an overall picture of performance that is helpful in enabling management to understand areas that need further improvement.

**Figure 5.2 NWSC customer satisfaction Index (CSI) values by area**



**Key:** KW – Kampala water

*Source: Mugabi & Mutuwa - Customer Relations Officers of NWSC 11 August 2009*

Figure 5.2 above shows Ugandan customer satisfaction index (CSI) values by area and gives an overall picture of performance for each of the six areas surveyed where the overall water user satisfaction ratings differ between 78 to 92 per cent, which implies there is variation in satisfaction ratings that may be explained by various factors. These include customers rating as poor the sewerage service, which is under the mandate of the NWSC, and unreliable water sources in some areas, coupled with a lack of management capacity to implement reforms. The differences in customer satisfaction can further be attributed to the fact there is

unavailability of water in some areas that is seasonal, and different areas have different local managerial problems that are beyond the control of headquarters. However, aggregating satisfaction levels also has the weaknesses of not pointing out the particular attribute of the service that needs to be improved at an individual level as in-depth interviews and observation data would. For this reason it was suggested that CSI calculations needed to be completed with an analysis of performance relative to customer priority (the performance matrix), in order to highlight those attributes that needed to be urgently resolved both individually and collectively.

Overall, the surveys were found to be a positive and regular feature of the monitoring and evaluation that is particularly helpful in tracking changes in customer perceptions. However, this can only be more helpful when customer databases are kept up to date on areas that have been found to be particularly wanting, partly due to the migrant nature of mainly poor customers as they tend to lack permanent residences (PP-05). Overall, the different customer expectations and experiences on various water service attributes, as established through surveys, are important as a basis for evaluating management decisions.

In sum, the customer surveys were useful in enabling the NWSC management to know which areas needed prioritising from the customers' point of view, while at the same time pointing out weaknesses that needed further improvement. This is an indication of the need for increased capacity for the corporation to track service changes from the customer perspectives and apply the knowledge gained to improve performance in water supply. The findings collaborate with the user survey findings analysed in chapter 6 of this thesis.

#### ***5.2.4 Meeting water service objectives as a result of customer-oriented policy***

The NWSC is mandated by government to operate and provide water and sewerage services in major urban areas in Uganda on a sound, commercial and viable basis (see NWSC Statute, 1995). However, for various reasons that included poor management, prior to reforms this mandate was largely not fulfilled. However some commentators have argued that as a result of customer focus, together with other NPM reforms, there is some evidence of improved water service with greater management commitment to continuously innovate (see Berg et al, 2006; Schwartz, 2008). Under the terms of the Customer Service Charter, the corporation further has the responsibility to deliver sufficient water at all times, based on regulated standards and equitable distribution. The corporation promises to serve the populations in its areas of operation with clear, reliable and safe water services and also to endeavour to meet demand levels in underserved areas. Where there are shortfalls in water delivery, the customers have to be promptly informed about planned schedules of distribution. In case of water service interruptions due to repairs, customers are given twelve hours' notice to store adequate water for use during the interruption period. The NWSC has tried to address these issues because they relate to how satisfied and loyal customers are, and perhaps to how willing they are to pay for services on which the revenues depend (CS-08). In spite of the fact that the NWSC receives contributions from donor agencies and the Government for purposes of capital investment, the utility is fully dependent on its customers for covering its operational expenses. The external support for development is inadequate, and this is a threat to sustainable water service for all and has the potential to undermine the reform objectives, as well as the achievements so far made.

The tracking of specific changes under this study is based on a framework that acknowledges

in particular the reforms related to customer focus, but which gives due recognition of other interventions. The NWSC is reported to have adopted and adapted customer-oriented water service provision that has helped to prioritise service operations, with clear performance targets that can be measured, most importantly, from the client and provider perspectives (Kayaga et al, 2008). Enhanced management autonomy has reduced undue political interference in the provision of water services, resulting in focusing on planned performance targets for which management is accountable to the NWSC Board (PU-05). Related to management autonomy, but not necessarily contradicting this, there is reduced professional dominance in favour of what is demanded by water users and other key stakeholders. It was also found out that customer-oriented service provision has stimulated continuous innovation that has contributed to water service improvement (see also Schwartz, 2006, Mugabi, 2007).

#### ***5.2.5 Performance based on contracts with government***

One of the components for assessing performance is how customer handling is regulated. In regard to performance contracts with government, the corporation has performed remarkably well in various areas some of which directly or indirectly impact on customer relations, as a requirement for the three year contract renewal. This is shown in Table 5.1 below.

**Table 5.1 Selected indicators for the Ugandan performance contracts**

Indicators	Performance Targets						
	Performance Contract 1			Performance Contract 2			
	2000	2001	2002	2003	2004	2005	2006
Unaccounted-for-water (%)	42%	43%	40%	39%	38%	37%	36%
Billing efficiency (%)	58%	57%	60%	61%	62%	63%	64%
Staff/1000 connections	21	17	12	11	10	9	8
Metered connections (%)	84%	82%	93%	98%	98%	98%	98%
Annual turnover (Million Ugandan shillings <sup>b</sup> )	25839	29279	34052	37628	38,524	40833	42876

*Source: Government of Uganda, 2006.*

<sup>a</sup>*The provided indicators are mean to give an impression of the types of indicators used. This list is not exhaustive.*

<sup>b</sup>*The Ugandan shilling (Ugsh) stood at US\$0.00062 in 2000 and at US\$0.00055 in 2006.*

The table 5.1 shows that unaccounted-for water has, over six years, reduced from 42 per cent in 2000 to 36 per cent in 2006, which is a modest performance that needs more attention. It further illustrates that billing efficiency for water supply has, over six years, improved from 58 per cent in 2000 to 64 per cent in 2006, which is also a modest performance that needs more focus. It also demonstrates that staff per 1000 water connections have, over six years, been reduced from 21 people in 2000 to 7 people, which is a tremendous performance comparable to international standards. This was achieved through downsizing without industrial unrest, which is a credit to NWSC management (HRM-05). Metered connections have also improved from 84 per cent to 98 per cent over six years, and this has fundamentally reduced the problem of queried bills. It is speculated that the increase in annual turnover from 25,839 million to 42,876 million Uganda shillings over six years can be attributed to improvements in the other indicators above and the reforms generally. A more detailed discussion of service changes on some attributes directly related to water quality and customer

service is given below.

### ***Training staff in customer care***

As part of its customer-oriented reforms, the NWSC has established a training program for customer care and service staff to ensure that the NWSC Customer Charter promises are adhered to. The training also involves other frontline staff, such as cashiers, field staff and meter readers. The NWSC has a Customer Charter which specifies the nature of the services that it is committed to providing to customers, and a corresponding requirement for customers also to meet their obligations. However, the Charter does not incorporate compensation payments for cases where the NWSC fails to meet its responsibilities, and this raises a relevant criticism of lack of enforceability. The NWSC invests substantially in staff training (HRM-05). It is the Corporation's policy to train staff for skills acquisition rather than academic achievements. The Human Resources Manager collects training needs compiled by the Department Heads after the annual staff appraisal and prepares a training program and a corresponding budget. Staff absenteeism is not tolerated in the NWSC. The employees have to register their attendance in the daily attendance register and the register is audited on a daily basis to point out moonlighting.

### ***Water quality assurance***

The past bad reputation of the NWSC meant that customers were suspicious about the ability of the corporation to deliver clean water that is comparable to international or professionally established standards (WE-04). The procurement procedures were centralised at headquarters, and delays in purchasing the required materials contributed to poor maintenance of water quality, as evidenced by customer complaint on this attribute. Un-repaired pipe leakages also encouraged water contamination; and lack of adequate information to water users misled them

into taking quality issues for granted. Some people preferred to boil the water first before drinking it, or to buy bottled mineral water that is very expensive (fifty times more expensive) and not necessary guaranteed to be of good quality as enforcement by the National Consumer Council is also reported not to be strict enough (NCC-04). This is partly due to lack of an independent regulator that should monitor quality on a regular basis.

Based on some of the above problems, the top management (TM-04) recognised that in order to improve the corporation's reputation on quality assurance, resources needed to be mobilised to ensure that water was well treated before being distributed. The public was also encouraged to report leakages promptly so that repairs would be made immediately to avoid contamination. Publicity was also done to warn the public about the health hazards related to instances of bad quality water from the NWSC. Information has been given to the public concerning the health hazards and hidden costs of accessing water supply alternatives like springs, wells and unprotected rain water collection whose quality was not guaranteed.

The improvements in water quality handling have led to better health outcomes for the public (MOH-06). A focus on hygiene factors has positively contributed to greater control of health hazards such as cholera, diarrhoea, dysentery and other problems leading to high mortality rates in urban areas. There are also noticeable improvements in environmental protection, as wetlands are less encroached on in the search for water.

### ***Information dissemination***

Presently, the customer service charter spells out clearly the obligations of the NWSC to serve customers with high quality water. However, redress for poor quality is not spelt out (Ministerial Sector Policy Report, 2008). The customer surveys and water quality analysis

reports have demonstrated improved quality satisfaction levels that are regularly reported on the website (<http://www.nwsc.co.ug>). In Kampala alone, over 98 per cent of complaints raised in relation to quality-related issues are now, as a result of reforms, handled more swiftly by the technical water quality control staff. However, during the dry season, as the level of Lake Victoria falls, the handling of water quality still poses a challenge as it requires an extra effort to procure water of a guaranteed high quality. Despite the progress that has been made in resolving water quality issues, there are still some constraints, such as the appearance of water on some occasions causing some people to buy expensive mineral water for drinking. These problems need to be addressed on a continuous basis. The management of the NWSC has made efforts to inform water consumers that their water quality is treated to the required standard of safety for drinking (AK-04).

### ***Timing and accuracy of bills***

There were significant problems associated with the timing and accuracy of bills during the pre-reform era. These problems attributed to poor revenue collection, as some customers took a long time to receive bills and therefore were unable to plan for their prompt payment. There was the related problem of inaccurate bills that were either estimated based on past consumption or just estimated (CA-05). This was unacceptable to water consumers and caused confusion in the payment system, with disagreements that could lead to unfair disconnections.

The customer reforms took into account the problems associated with bill accuracy and timing. Monthly updates are now being done to enable customers to pay promptly (CCM-06). There are various means of querying bills through the customer complaints management centre, and bills can be verified more easily before they accumulate to unmanageable levels.



For instance, the computerisation of customer information related to metered water consumption has made the monitoring of bills a lot easier, and better qualified billing staff have been recruited and trained, thereby contributing to improved payment collection (Mugisha, 2005). There are now fewer complaints related to bills than in the past, as indicated by the fact that 90 per cent of customers were satisfied with the accuracy and timing of their bills (NWSC customer survey, 2009). However, some new areas like Kireka and Bweyogerere reported metre thefts and lack of enough staff to read bills and meet the obligations stipulated in the customer service charter (AS-05). These outstanding issues are being addressed by involving customers in securing their meters.

### ***Convenience of bill payment***

One of the key problems raised by both management and customers was the convenience of bill payment (Water Herald, September, 2005). This problem was evidenced by long queues at the central office, especially in the Kampala area, where frontline NWSC staff's behaviour bordered on outright rudeness and self interest instead of first come first serve. Since the reforms, customers can pay their bills in over 10 banks, using SMS on phones, direct to decentralised NWSC offices, through direct debit from an authorised account and through advance payments from which bills are deducted when due (BPO-05). The government, which used to be the worst debtor, has paid its debts as a reform obligation and issued instructions to the Treasury to make sure that all ministries and institutions pay promptly in future. The simplification of billing, coupled with efforts to ensure accuracy, have led to fewer queries while reducing delays in bill payment. According to a recent survey, satisfaction with bill payment is now over 90 per cent in most Kampala areas and this has enhanced satisfaction with NWSC customer service. The benefits in this key performance area include the fact that sister water utilities are learning NWSC lessons in improving their

billing systems. The solving of billing problems had been rated as a key target for reforms and has contributed to noticeable revenue improvements. However, there is need for further review to reinforce strategies that capture the special concerns of the poor, whose incomes are unpredictable.

In sum, the above key changes in water service delivery are largely attributed to customer-oriented reforms together with other improvements associated with other NPM reforms. These changes, however, need to be sustained over the long term in order to impact more positively on the relevant stakeholders.

#### ***5.2.6 Benefits to stakeholders as a result of their involvement in reforms***

As much as most stakeholders have benefited from the improvements in water supply generally, as indicated above, it is important to highlight some special benefits to each group that were critical to their participation. Several problems raised by different stakeholders were highlighted in Chapter 4 Section 4.2. This section demonstrates how, as a result of reforms, some benefits have been acknowledged, although some challenges remain. However, the outstanding challenges include: responding to customer demands in a cost-effective manner, expanding into underserved areas, consolidating customer-driven reform achievements, mobilising resources to increase capacity in order to solve ever increasing customer demands, and addressing water shortages and steering consumption behaviour towards more conservation of water to achieve supply sustainability.

#### ***Political benefits to the Government***

The ease of access of being connected to the NWSC water supply has created political benefits for campaigning and is one of the most quoted example of government seriousness

about improving public service delivery in Uganda (NRM Election Manifesto, 2005). The President of Uganda and other top officials have personally taken various opportunities to commend projects or celebrate the NWSC and its success story compared to the reform of other public enterprises like the Uganda Electricity Board. The MD and the staff have widely publicised the reforms in local and international fora by pointing out experiences that can easily be cross-checked in Uganda. The government's public utility reform and privatisation programme has benefited, as the NWSC experience has reduced pressure to privatise without consideration of other alternatives (DPU-04). In reaction to the recent book written by the MD about how the reforms were handled and his personal experience of the reform process in the NWSC, the President has pointed out that his philosophy about privatisation has been revisited with evidence of internal reforms as viable alternatives to improve utility performance (New Vision, 13, April 2010). The current government response has demonstrated its support for reforms in critical public service areas like urban water supply, on which its popularity continues to hinge after 26 years in power. The reduction of corrupt tendencies in the water sector as a result of greater discipline in relating to customers has also helped the government to demonstrate a commitment to fight malpractices in this important area (MI-04).

### ***Consultancy and academic research***

A lot of consultancy and academic research has focused on the NWSC case (including Kayaga, 2002; Mugisha 2005; Mwoga, 2002; Schwartz, 2006 to mention). The interesting trend in these research efforts is that there is rising interest in better understanding how the reforms were actually implemented in a Ugandan context, as a strategy to explain the short term outcomes. This approach has the potential to demonstrate that the level of commitment that responds to the most critical of customer and staff preferences explains the difference in

levels of individual and organisational performance. Suffice it to say, at the risk of being repetitive, that the relative success of the NWSC is now being used as a case study by scholars, practitioners, consultants, managers, policy makers, NGOs, donors, related sectors and public organisations that perceive the NWSC reforms to be worth understanding to strengthen NPM reforms, especially in developing country contexts (Berg & Muhairwe, 2006).

### ***Schools, public hospitals, government offices, individual homes and businesses***

Arising out of the NWSC reform experience, institutions such as schools, public hospitals, government offices, individual homes and businesses have accessed better water services, as acknowledged through customer surveys indicating on average 90 per cent satisfaction. For instance, the representative of civil society has noted that quite a lot that is in the public interest has been integrated into the water reform process, with general benefits such as pro-poor water projects that have changed peoples' lives, especially in slum areas. However, the aspects related to water sanitation have largely been marginalized, as some customers complained. This is an important concern because without corresponding improvements in sewerage services the hygiene benefits of improved water are more likely to be compromised by the poor sanitation that is more common in low-income areas (Pro-poor Report, 2008; Denzinger, 2009)).

### ***Managers and workers***

The managers and workers of the NWSC have gained inspiration and confidence to innovate as they are key stakeholders and have gained a reputation for involving themselves in a worthwhile cause that has the potential to be replicated, especially in developing countries. Global and local presentations by the MD at global fora have attracted notice, leading to his

being awarded academic recognition (<http://www.nwsc.co.ug>). The management has emphasised training and international exposure for staff.

### ***Other government organisations***

The NWSC NPM reforms case has demonstrated to what extent such reforms can deliver and contribute to the global debate on alternatives to privatisation and service improvement interventions. Correspondingly, the corporation has gained a better reputation as a result of the reforms, with the President, Prime Minister and other stakeholders supporting the replication of the NWSC management reforms in other government institutions. For example the parent water ministries have, over time, tried to adopt the reform strategies to improve their administrative performance, in order to effectively monitor water sector development.

### ***The suppliers***

The suppliers of equipment and maintenance inputs are now more assured of receiving their payments on time than used to be the case in the pre-reform era when the revenue streams were in a total mess. The improved financial performance has contributed to the NWSC accessing materials or services in good time to facilitate its operational efficiency. The suppliers are now more willing than in the past to supply on credit, as the financial management and the revenue of the NWSC have significantly improved. The MD has established a very amiable relationship with suppliers by making sure that the procurement department answers their queries promptly, if necessary bringing these to his personal attention (Muhairwe, 2009).

### ***Financing institutions***

Especially in the area of capital investments, the financing institutions that give loans are

confident they will get repayments as a result of improved support from government and revenue generation. The increased capability of the NWSC to make profits and meet its operational costs in most areas, have enhanced its financial reputation as an organisation likely to shine in the future (WC-07). As can be observed from the above benefits, the potential for customer service improvement directly or indirectly as a result of reforms cannot be denied. However, fears have been expressed that any laxity on the part of management to reinforce what has been achieved partly, due to resource constraints, may reverse the achievements so far made

#### ***5.2.7 Section summary***

The study intended to find out whether customer -oriented reforms have impacted on the way services are perceived and actually received by the water users. The focus on results for customers has had a positive influence on the new water service arrangements, such as easing connection and attending to customers' voice relatively better than during the pre-reform era. Similarly, the decentralised management of services with greater autonomy has contributed to more attention to water user preferences. Further, the management of contracts between the corporation and local areas, with clear business plans, has contributed to a better customer focus than in the past. Contract management between the NWSC and government has captured customer service obligations that are used in monitoring and evaluating performance as a requirement for contract renewal or extension. The proactive management of change has enhanced a sense of teamwork, stakeholder involvement, and reduced resistance to change, and has facilitated a better balance of management autonomy and controls that are accountable to all stakeholders. In spite of the fact that the execution of reform policies is a big challenge for companies trying to be successful, it is recognised that the NWSC continues

to make remarkable progress in addressing this challenge.

## **5.3 How has responsiveness to user voice been enhanced as a result of reforms**

### ***5.3.1 Introduction***

This study questioned how the various stakeholders perceived changes in responsiveness to voice as a result of reforms. This section therefore attempts to establish how responsiveness to customer voice has been enhanced or not as a result of reforms in the NWSC in Uganda. This is based on global reforms aimed at improving urban water supply by focusing on users. The pre-reform NWSC was run based on professionally dominated water provision that hardly took into account the demands of water consumers (CCM-06). The disadvantaged water users were therefore desperate to get reliable access to water. It was not considered a right of the customer to complain about a bad service and neither was it considered a cardinal duty, especially for frontline staff, to respond to customer demands. It is, therefore, important to establish whether the reforms have enhanced responsiveness to user voice by establishing the relevant channels that facilitate communication between users, providers and policy makers. A key concern is to establish whether the channels for voice are effectively being used to communicate between water providers and users, and whether information generated is being effectively used to trigger changes in service delivery.

### ***5.3.2 Channels for responsiveness to customer voice used in the NWSC***

In the case of the NWSC, customer voice is understood to include complaints, compliments and recommendations from users on water service changes as a result of reforms (Muhairwe, 2006). Various channels for responsiveness to user voice were established in the NWSC and these include toll free phone lines (0800100977), customer complaint centres, suggestion boxes, free media opinions, newsletters and through what is known as “customer strategic alliance meetings” (CCM-06). These efforts illustrate how customers are involved in the decision-making in the NWSC as way of gaining information on how best to improve water services. Within the NWSC, different customer segments have been identified, such as water vendors, water kiosk and public stand pipe operators, urban authorities, large government consumers, urban poor communities, restaurant operators, industries and education/academic institutions whose different demands are being continuously incorporated into the water reform agenda. The management of the customer care department too conducts regular strategic alliance meetings with the different customer segments (Water Herald, September, 2007). At the strategic meetings customers make statements of what they require from the NWSC. The action items sometimes require the management to discuss the ideas from the strategic alliance meetings with NWSC Head Office, as their assistance and support is needed in order to respond adequately to the queries.

There are over 100 FM Radios spread all over Uganda which have talk shows in different languages on issues involving public input and feedback about how water services are delivered. The public relations office reported that sometimes talk show programmes that involved politicians, the NWSC Board and management, workers’ representatives and other stakeholders are organized, where water issues are discussed for management attention. As



observed by the researcher, the radios are widely accessible to all categories of water users, including those in slum areas. At a cost of 200 Ugandan shillings, an interested water user can use a telephone call box to air views or complaints for the attention of the policy makers, the general public debate and also directly to the water providers. Through anonymity, some callers can point out information that would otherwise not be voiced through normal complaint channels like letters.

The public has shown its appreciation of the progress made in responding to their opinions through personal communications or letters to the MD, extracts of which are reproduced below:

*I wish to bring to your attention how grateful I am to a young, man named George who works at your main reception. I have been without water for three weeks; (i) went through the proper procedure at Kitintale (a Kampala suburb) to report the problem. I went twice and our Office Logistic(s) Officer went three times; I then found that our complaint was not logged. I decided to visit your headquarters and lost my temper at him. He sorted out my problem and kept me informed throughout..... He is a very polite and efficient young man and I hope he has forgiven me for my outburst. **George, I apologise for that**".*

***Another letter from a customer to the NWSC Ntinda Branch Manager, in May 2005 reported that.....** "I appreciate your greatly and tremendously improved services...the customer care you have continued to give us. This commitment to your work has been reflected in timely delivery of bills and reminders to settle bills so as to have continued uninterrupted smooth services. You have a wonderful team. This may sound flattering but this remains a fact that your services have greatly improved and these are the kind of services that people used to enjoy many years back and it is what we have been longing for" (Muhairwe, 2010, p.278).*

The media has also played an important role in communicating the opinions of the public and also of the NWSC management. The New vision, Monitor, Observer, Bukedde (Local Luganda Paper), Rupiny (Nilotic Paper), and other local papers have quite a number of articles that are concerned with water and sanitation issues. It was observed by the researcher

that the NWSC Quarterly, *Water Herald Magazine*, produces summaries of the quarterly performance reports of the Internal Delegated Management contracts as part of the quarterly review. The magazine also publishes letters from customers and opinion leaders and most popularly those of NWSC staff who are actually deeply involved in the reform process. The Newsletters are circulated widely to other organizations and prominent personalities who are key stakeholders in the urban water supply. Courtesy newsletter copies are given freely to customers sometimes and also circulated to important stakeholders such as universities, higher educational institutions, government departments, NGOS and members of parliament. This approach of sharing performance information has enhanced responsiveness to stakeholders.

Regular Parish Development Committee meetings under the local council system provide a participatory and monitoring forum for the poor water users whose ability to use other channels may be compromised due to affordability or literacy problems (PUP-08). The committees have voluntary leadership roles played by opinion leaders. They provide a forum with concrete mechanisms where both individual and collective voices can be heard and sometimes acted upon.

To supplement the annual customer surveys aimed at establishing the customers' views regarding areas where the NWSC still has to improve there are various alternatives. Customers can currently get access to the NWSC in person, by phone and through the internet. The first two methods are more common than using the internet that is not affordable to the poor. Customers are involved in the decision-making in the NWSC mainly through what is known in the NWSC as "strategic alliance meetings". The Area Service Providers conduct regular scheduled strategic alliance meetings with the different customer segments.

At the strategic meetings, customers make statements of what they require from the NWSC. These requirements are taken as action items for the NWSC Area Water Service Providers.

### ***5.3.3 Responsiveness to customer voice as redefined by customer relations***

There was serious need to revisit customer relations in the NWSC as it was one of the serious problems affecting performance. The extract below summarises what the situation was before the reforms emphasised responsiveness to voice:

*“In 1998 the relationship between the NWSC and its customers, and indeed the public at large could only be described as one of mutual distrust and hostility, if not outright mutual contempt and disgust. The customers were bitter about incessant water supply interruptions, water disconnection without notice, poor responses to leaks and burst, inflated or inaccurate bills belated billing and bills delivery, poor customer care, lack of professionalism, dishonesty and corruption, lack of proper field staff identification and above all, sheer staff readiness, condescension, indifferences and insensitivity. It was, for example, next to impossible for our customers to get new connections without bribing our staff. For most customers, the NWSC was a good for nothing, self-serving public utility that did not deserve to exist. On their part, the NWSC staff used to habitually heap blame on customers for illegal connections, meter defilement, vandalism and thefts, bribery and corruption, harassment of field staff and refusal to pay the bills. This polluted atmosphere was certainly not conducive to the delivery of water services to the satisfaction of customers and accordingly, one of the first challenges was to repair and improve NWSC customer relation (Muhairwe, 2009; p.279).*

The initial effort to respond to different customers’ perceptions was made by assessing the NWSC market position in the urban water sector by identifying household, stand pipe, shared residential, business, industrial and public institutional users. This was done as follows, as reported by the MD:

*“Accordingly, I initiated measures aimed at restoring customer confidence and satisfaction. I was aware that in order to effectively address customer perception and attitudes towards a public utility like the NWSC, it was*

*important to take into account the nature and capacities of the customers, what they want and whether they know their rights and obligations. Customers or clients of most businesses are not a uniform, undifferentiated mass.... They have different needs, interests, idiosyncrasies and dispositions. .... In extreme cases, some customers even commit crimes of vandalism and thefts to get goods or services without any consideration or at minimum, deflated cost. In those regards, NWSC customers are no different from customers of other utilities in Uganda”. (Muhairwe, 2009; p. 280).*

The above response is self explanatory and the corresponding challenge was to train customer-oriented staff, and focus their attitudes and behaviours to be positive to customer relationships. In this regard the MD further reports that:

*Accordingly, the strategies and tactics to revamp needs, sensitivities and operational complexity of each category of our customers became a priority . . . we put in place customer care sections in all our areas and in each area posted specific customer care officers. The customer care offices were equipped with new furniture and customer care registers were opened to register all customer complaints and the actions taken. The ambience of customer care offices was also emphasized and this included cleanliness, smartness, tidiness and general attractiveness. In order to change the organizational behaviour of staff, we introduced the catchword: “The customer is the reason we exist”. This slogan, together with the previous one “Customer is King” was posted at every NWSC Office and on all available notice boards. Everybody – from the MD to the lowest cadre staff – was called upon to become a customer care officer. The emphasis here was for our staff to understand that in everything they do the customer comes first. We posted most of these key initiatives in the media...” (Muhairwe, 2009; p. 280).*

In regard to reputation concerns, the media has played an important role as the NWSC has organized and continues to organise talk shows on radios WBS, Radio Simba, Capital Radio and 98.8, Radio Uganda, which are among the most popular FM Radios in Kampala. On some occasions the policy makers, such as the Minister and Permanent Secretaries, are invited to talk shows to respond to wider policy monitoring, evaluation, actions, outcomes and regulatory issues (PRO-06).

The NWSC Workshop of May 2009 at Fort Portal was attended by the researcher, who

recognised that NWSC has strengthened its Customer Care Units in all its operational towns with the aim of attending to customer complaints in a more timely and efficient manner (Fort Portal Declaration, 2009). The customers can now report or present their queries/complaints through the following telephone number: 0800100979. The Corporation has also appealed to the general public to report all cases of water pipe burst/leakages, sewerage overflows, abuse or misuse of fire hydrants, illegal use of water and other complaints related to its service provision to its Area Officers through the above telephone line or by direct contact. Some of the customers are recognised and rewarded for their efforts in being responsive to meeting their obligations as a reciprocal relationship.

#### ***5.3.4 Review of prices as a result of customer pressure***

The water customers were very critical about the high NWSC tariff and this was cited by most poor people as the main reason for not applying for connection (FDG-05). This concern has also contributed to illegal connections resulting in huge financial losses to the corporation. Questions were being asked about the rationale for pricing, especially the connection and reconnection fee and minimum charges. According to management, the response to the customers' needs was by reducing the connection fee from an average of Shs 150,000 to Shs 50,000, and also allowing customers to pay by instalment. In the MDs words:

*“The tariff adjustment also incorporated rebates on reconnection fees and the abolition of a minimum charge ... . For instance, a customer disconnected with a bill of Shs 10,000 was expected to pay a total of Shs 55,000 inclusive of VAT, before reconnection. In most cases, such customers would collude with NWSC staff to steal water or even look for alternative sources of water. This did not make any business sense. Consequently, we reduced the reconnection fee from Shs 38,200 to Shs 10,000 and encouraged owners of suppressed accounts to come back to supply. At the same time, according to the tariff, it was mandatory that all customers be charged for six cubic metres as minimum consumption regardless of actual water consumed. This raised a lot of complaints from the public, and most of the low consumption customers*

*actually abandoned our water. In order to arrest and then reverse this trend, we abolished this minimum charge. This encouraged low-consumption customers to come back to supply. We made these tariff changes known to our customers and other stakeholders through the print and electronic media. By so doing, we kept our customers posted, and they went along with us in our change-management programmes ... . through a new policy that entailed providing materials and labour for all customers within a distance of 50 metres from the NWSC service main. This policy was enthusiastically welcomed by the customers, stakeholders and the general public. To many of them, this was a great surge in customers' requests for new water connections. This has in turn increased our billing remarkably. Although water service delivery is a sensitive, and even a controversial activity, in which it is difficult to satisfy all categories of customers at all times, the feedback that I had begun receiving was exciting" (Muhairwe, 2009; p. 300).*

### ***5.3.5 Some dissatisfaction from customers as water demand increased***

The NWSC management anticipated that not all customers would respond positively to the improvements brought about by successive innovations. The letters of a minority of customers addressed directly to the Corporation and in the print media reflected residual dissatisfaction with the Corporation's delivery of water services (PRO-06). Some of the customers continued to complain about disruptions of water supply, high water bills, water leaks, bursts, the Corporation's failure to settle outstanding debts, and unsealed trenches that cut off roads. Some of the customers reported they were disgusted with NWSC services (WU-07). The dissatisfaction is evidenced in media articles as extracted by the PRO:

*We have spent a very long time without water in Kirinya, Byeyogerere. We reported the problem to the National Water and Sewerage Corporation, but nothing has been done. Local leader should come to our rescue. (New Vision, Thursday, August 9<sup>th</sup> 2007)*

Similarly, the following is an expression of disgust from a customer who complained about lack of explanation for water cut-off. He wrote that:

*I am very disappointed by the way the NWSC has punished Nsambya and Kabalagala residents. Water supply has been cut off for a week now and no explanation has been provided by the water body. We all know that water is life and basically there is not life in the Nsambya-Kabalagala Zone! (Saturday Monitor, 03 November 2007).*

Criticisms such as these demonstrate that it has not been an easy journey to try to satisfy most customers, as there are exceptions due to oversight or lack of resources to respond to all customer requests. However, the NWSC management accepted the complaints as healthy because they motivated them to be on the lookout to make more improvements. The corporation's customer policy is not to argue with the customer even if the complaint was not realistic. The MD felt that whether right or wrong, the customers' complaints were to be addressed in a manner that would not cause offence, as a demonstration of amiable relations. This policy was reported to have accounted for the tremendous enhancement of the image of the Corporation among customers in most of its operational areas (FDG -04).

As one of the measure of good customer relations management compliance with the service user's voice is a pre-requisite. How this is being done in NWSC as a result of reforms, is summarised as below:

*Getting information from the public through the media and customer surveys, as well as verbal and written contacts with customers and the general public, is one thing. Putting that information to good use is quite another. It is common for public servants to get information from clients and simply put it on the shelves or in filing cabinets to gather dust without follow-up action. At the NWSC we have tried our best to avoid this pitfall. To start with, our public relations office has been detailed to keep a file of press cuttings, to listen to the radio and watch TV, and to compile and analyze each piece of information regarding the NWSC that appears in the media. I personally keep my ear to the ground and my eyes wide open in order to get feedback from the customers and the public about the pluses and minuses of our service delivery. I insist that all the managers and members of staff in all NWSC areas should do the same, for it is their duty to do so. By listening to the masters' voice, we are able to gauge shifts in customer perceptions and public opinion, and to respond accordingly" (Muhairwe, 2009; p.303).*

In sum, since 1998, NWSC relations with customers, the public and the media have improved significantly as a result of focusing on serving the water users well as evidenced above. The negative reputation of the NWSC characterised by mutual animosity, poor public perceptions, attitudes and opinion had, through the transformation of organisational culture within the Corporation, to change into mutual respect, cooperation and harmony between staff and customers without excluding other stakeholders. Connected to the foregoing is the relationship with the media, characterised by an open-door information policy that contributed significantly towards informing and sensitizing the public about the corporations' total commitment to change for the better. Therefore, it is possible to say that without the support of the customers, the press, teamwork and staff commitment, all the initial water service achievements would not have been possible.

### ***5.3.6 Changes in responsiveness to voice***

The pre-reform urban water supply management in Uganda to some extent depicts attempts that use the twin accountability framework suggested by the World Bank 2004 Report. It advocates reforming public service delivery through strengthening both short- and long-route accountability, as discussed in Chapter 2. The potential of user voice through long-route accountability to influence changes in service delivery has been largely questioned, given dominant tendencies of patronage, corruption and selective actions intended to keep governments in power at the expense of citizen welfare. The MD reported that to minimise some of the problems associated with long-route accountability, the NWSC used the autonomy given to it legally and through contract arrangements to contain negative political influences that were not supportive of customer focus. The accountability requirements to report performance based on implementation progress and short-term progress also reduced



the room for political interference. The management had to cope with the tension of managing the business priorities of the NWSC, and at the same time it managed water politics positively, as demonstrated by the benefits to other stakeholders discussed under this chapter. In this respect, the NWSC to some extent managed to selectively use long-route accountability where it reinforced its goals and corrected corresponding tendencies that were not aligned to reform success (Muhairwe, 2006). Another supporting observation was that the leadership and political profile of the MD himself exhibited a highly qualified reform champion that in a way deflected undue interference.

As a customer service improvement strategy derived from private management principles, short-route accountability between service user and provider has been demonstrated in the NWSC reforms to have the potential to reinforce the pressure to perform via long-route accountability (World Bank, 2003). This implies that a more effective way of demanding service improvement on a regular and effective basis has been devised in the NWSC, under the auspices of the customer-oriented policy, in order to drive overall NPM reforms to achieve improved water service outcomes.

There was tension as to whether providers being answerable to politicians as well as to customers and professional water engineers on an equal basis had implications for the extent to which both responsiveness and accountability were included in the traditional long route, while at the same time basically focusing on short-route direct customers. To reduce some of this tension in this study, responsiveness is understood beyond the general concept of accountability (which implies answerability and enforceability) to include demanding service responsiveness (being able to engage with service users to understand their service preferences and act on them promptly). Responsiveness contributes to effective accountability

in terms of a combination of answerability, enforcement and organisational change by valuing customer and stakeholder involvement in decision-making. In the service reform context, responsiveness means engaging in a reciprocal relationship that supports innovative service norms and vision-directed organisational transformations.

Both at the policy implementation and evaluation level, there were service-related outputs that demonstrated that the reforms had delivered some value for money. At the individual staff level, training, inculcation of service norms, recognition of effort through incentives, and enhanced team work have contributed to the staff appreciating that the transformation has empowered them to perform their responsibilities better than during pre-reform era. The new organisational structures have clear responsibilities, thus minimising conflict among staff. The remuneration has been enhanced to highly competitive levels in the Ugandan context, contributing to attracting some internationally recognised water managers (HRM-08). The aggregation of reform results has contributed to improved organisational performance in terms of efficiency, effectiveness and productivity (Mugisha, 2006). These reforms have overall, contributed to improved responsiveness to customers in the various performance areas, albeit with some constraints but with commitment to address them continuously (CS-04).

Another noticeable change linked to policy formulation, implementation, monitoring and evaluation is the obsession with cascading – the servant-leader concept as a strategy for reducing bureaucratic inertia. The dominant reform values have favoured learning from staff and customers to influence decision-making without excluding other stakeholders. The MD has demonstrated the ability to succeed by delegating power and responsibility to all levels of management, though coaching people not only to do things right, but also how to do the right

thing. Another exemplary attribute that has been instilled in the organisation is a vision of serving customers first as the core value of organisational transformations. The management is aware that some negative moments of truth like a member of staff fighting with a customer can overturn the company's reputation (PRO-08).

### ***5.3.7 Section summary***

Generally, a reasonable degree of customer-responsive focus that continuously justifies management action to achieve desired results is evident as a result of reforms. For example, customers are now recognised as the reason for the NWSC's existence as a core value permeating across the organisation. The information exchange among staff and customers has been enhanced through an exemplary PR programme. The manager who has experienced the reform process in close liaison with the MD provides information on service queries to the customers on a prompt basis, after cross checking with the relevant staff about what action has been taken.

The tension between supply-led and customer-driven water service delivery has been greatly reconciled, based on the conviction that whatever is done in the organisation is ultimately to the benefit of customers and staff. Through customer-oriented programmes and benchmarking best performing companies, the professional staff have to some reasonable extent become champions rather than detractors of customer service reforms. The responsiveness to voice and influence on user satisfaction and loyalty are explored using household survey data in Chapter 6. Without having regard for a pro-poor rating, the reform achievements could be overshadowed and in the next section we briefly examine how this was done.

## **5.4 How did the NWSC take into account pro-poor concerns?**

### ***5.4.1 Introduction***

The poor are a category of water service users who might not be able to access household connections either because of affordability or being in slum areas where access to mains water is difficult. One of the major criticisms of the commercialisation of water supply in the literature is the tendency to ignore pro-poor concerns, and the case of the NWSC reforms addressed this concern (PUP-08). The manager of the pro-poor project, in an interview, intimated that those who can only succeed in business by reckless pursuit of profit need to prepare for future failure, as those who are denied services can eventually become a formidable political force of resistance to change. He claimed that although he is a professional engineer who should be concerned with production and maintenance issues, through his international exposure, he takes the customer interface seriously, including that with poor water users, as a trend to ensure sustainable improvements in the urban water supply industry. He further observed that he had learned from other urban water experiences that consideration for profit, customer welfare, water operations, maintenance and distribution, environmental concerns and the poor are all important in a viable reform process (DFID, 2005; Denzinger, 2009). The valuing of the poor has attracted international attention as part of MDG targets popularised by government officials, donors, managements, NGOs and the media, thus creating a critical mass of pressure that cannot be ignored (MWO-07). However, the pro-poor manager also accepted social responsibility is often looked on as extra luggage that has contributed to past poor performance. On the other hand, the profit motive alone cannot be sustained without other considerations, such as that for the poor, that have the

potential to create resistance and even sabotage the reforms.

As a result of presidential campaign pledges made in the 2006 elections, the urban poor water project was commissioned by President Museveni on 11<sup>th</sup> November, 2006. The project was aimed at helping at least 500,000 urban poor people to access clean and safe water at a cheap rate of Ushs. 25 per 20 litre container (per *jerrican*), rather than the Ushs 200 which was being charged by private operators. The kiosk operators were making exorbitant profits from a cheap public stand pipes (PSP) rate of Ugshs 688 per unit without a service fee. The President of Uganda gave awards to the best performing customers at Nateete area during the commissioning ceremony.

#### ***5.4.2 Achievement of pro-poor water service***

The NWSC, in response to public demand, has established a pro-poor urban project that is still in its initial stages but the public response has been very positive, as evidenced in media reports and stakeholder support (MWO-04). The Urban Pro-poor Project Branch (UPPB) distributed a large number of personalised tokens and undertook quite a number of social marketing and community sensitisation activities. At the same time, water consumption increased drastically. Probably the biggest achievement is that 72 percent of the consumers are consuming less at 1 m 3 per month and 70 percent are purchasing credit between 1000-2000 Ushs (less than \$US 100). The poorest of the poor are targeted by the project contrary to the belief that all poor people are equally vulnerable. However, the performance of the pre-paid meters has also shown that their potential is still not fully developed. Overall, it can be said that there are weaknesses within both the hardware and software components that pose

management problems. Apart from the right amount of tokens and the right locations of the Public Stand Pipes (PSPs), and some built-in problems with sanitation facilities, the main weaknesses were found to be within the software component. If the recommendations from above are implemented, especially in terms of the social components (community participation, sensitisation and information), it is believed that the pre-paid meters/sanitation facilities could bring out their real potential and deliver better and cheaper services to a much larger number of poor people (PUP-09). Nevertheless, more research and deeper analysis must be done in order to get an adequate picture of the situation, and pre-paid meters should be further piloted in and outside Kampala (in large and small towns) to gain knowledge of whether this technology is performing well and can be scaled up to other towns. The increasing urban population in slum areas, however, has meant that the pro-poor project has not had a bigger impact than established in this study, because of inadequate funding and land tenure problems.

#### ***5.4.3 Advantages of pre-paid meters***

Prepaid meters enable water distribution to reach the poor at an affordable price of 22 Ugshs. inclusive of value added tax (VAT), equivalent to \$US 0.01 per container or plastic 20 litres' Jerrican. There is also no overcharging, because there is no charge to the middle man (vendor) any more as consumers purchase water directly from the water provider (the NWSC) at a reduced tariff. There is no discrimination, as everyone pays the same price and receives water on equal and fair basis. The credit control is a pre-paid system which means pay as you drink. There is no debt risk for consumers, no billing system and water meter reading needed, and no unpaid bills and disconnections. There is access to water 24 hours a day, as long as

water is provided through the main network. There is price/consumption transparency because the consumer sees in the display how many litres he/she has consumed and paid for. There is a reduction of operational costs for the operator, as a large number of customers is served at one point that can be accessed all the time. Options for consumption control include: a daily limit; a free basic water allowance; emergency water provision; consumption data that is stored for up to 10 years and can be used for monitoring; multi tariff levels. No direct money changes hands; there are no coins stored in the meter box and therefore no temptation to open the box; there is no stealing of water; and no stealing of water meters (<http://www.nwsc.co.ug>).

#### ***5.4.4 Disadvantages/requirements of pre-paid meters***

There are few economies of scale as it involves a lot of social networking among water users that is compulsory. There is a need to do technical training for operators, with vendors and vending-machine-recharge offices being required. There is limited outflow; only one consumer can take water at a time, queues may easily occur during peak hours; and without an official caretaker, PSPs can face vandalism. The internet is full of articles by NGOs who are opposed to prepaid meters that do not involve basic social benefits for the poor, such as free initial volumetric consumption. Because pre-paid meters were often introduced slightly after water privatization, they are sometimes associated with the commercialisation of water for profit rather than for public welfare (PUP-08).

The main criticism is that pre-paid meters are denying water to the poor (and water is a human right) when the latter have an empty card/token. Another criticism is that the pre-paid meter cards are often very expensive, and water is sold too expensively in the interest of private companies who want to make profits from the poor. Prepaid meters also usually reduce

consumption levels and therefore have a negative impact on health. Moreover, their opponents argue that pre-paid meters are only installed in poor settlements and not in the suburbs of the rich. In addition, experience from other areas demonstrates that there is social hostility against pre-paid water meters as a cost recovery tool. Comparatively in the United Kingdom, for example, such hostility culminated in the prohibition of pre-paid water meters in 1998 (Lobina & Hall, 2008). Experiences with pre-paid water meters in Namibia have shown that the tariffs are not beneficial to the urban poor, in the sense that they are paying more per cubic meter of water (if the basic charge is considered in addition to the amount for use, which is usually on the first block tariff), because they use very small volumes of water. Difficulties may occur when the cards are not available from local shops in an appropriate number, or where the public taps are situated in very isolated areas, since that makes it difficult to repair a pre-paid meter that has stopped functioning within an appropriate time frame.

#### ***5.4.5 Section summary***

An analysis of the urban pro-poor (UPP) pre-paid meter pilot project in Ndeeba-Kisenyi, Kampala, Uganda demonstrates some achievements of pro-poor water service delivery as a result of reforms, as follows. Within a short time frame, the NWSC managed to install and operate the pre-paid meters properly. The pro-poor urban project is still in its initial stages, but the public response has been very positive, as evidenced from media reports and stakeholder support (MWE-04). A lot of interest has been shown by donors, researchers, government and international organisations about the ongoing pro-poor water projects in Uganda and are proposing by ways of sustaining the project (see Mugisha & Borisova, 2010).



## **5.5 Factors that explain the water service outcomes as a result of reforms**

### ***5.5.1 Introduction***

The reform action strategies elaborated in Chapter 4, partly explain how effectively customer care policy was constructed and implemented in the NWSC. It is worth clarifying that although customer focus was the core policy for revamping a terminally ill public utility, the contributions of other factors such as staff motivation, increased stakeholder support, determination to replicate private sector management principles and avoidance of privatisation are recognised, although they are not the main focus of this study. These factors have been addressed in detail by other studies and are still potential areas for further research in relation to how they facilitated the performance of customer care policy (Mugisha, 2005; Kayaga et al, 2008; Mwoga, 2004 to mention).

Within the limits of our research question, to further explain the reform results, a number of key reform outcomes have been identified and these have transformed the public image of the corporation in a number of ways. For instance, the corporation in 2003 got various awards for improved productivity and performance management and a Uganda employers of the year award for corporate social responsibility and business ethics (see also Schwartz, 2008). The corporation has won contracts to coach both private and public organisations on how to turn an organisation around in a short time. Some of these awards have put the NWSC management under public scrutiny and pressure to prove that their achievements are real in terms of improved water service and not mere rhetoric. Therefore, in response to this pressure, the company embraced customer oriented solutions based on a need to increase efficiency in water supply without ignoring overall quality and technical efficiency indicators. The latter have also shown an upward trend, as has already been assessed in the previous sections, and are largely attributed to targeting customer satisfaction as a result of increased demand

responsiveness (CS-04). The MD in particular was obsessed with reversing the notion that is common in the literature about non performance of public utilities in Africa by trying to make a difference.

### ***5.5.2 Factors influencing the performance of reforms***

In an interview by the representative from the *International Journal of Development Co-operation (IJDC)* in 2008, the NWSC MD attributed the initial water policy reform success to the following:

*“The NWSC has implemented a series of innovative performance improvement initiatives that have continuously addressed weaknesses of the organisation. Good and strong top leadership has been central in all these undertakings. Consequently, we have established a good performance track record and best practices. In addition, we have invested a lot in strengthening staff capacities in the process of performance improvement. We believe in the philosophy that no organisation can be better than its employees. This orientation has compelled us to continuously create a good operating environment and incentives for our staff to use the best of their knowledge. We have also maintained a constructive dialogue with the Government and donors. That has helped us to propel our innovative strategies. Last but not least, our constructive engagement with the media was also another success factor. We have kept close contact with the press in whatever we have been doing, well knowing that our cardinal partner – the customers and the public in general – cannot move with us if we are not open to the press” (IJDC, 2008; p.1).*

In addition to the above factors, the top management reported that the NPM and TQM concepts were applied to the reforms strategies in the NWSC. It was felt that focusing on customer service without the corresponding support of organisational structures, financing, motivated staff, network expansion, improvement in water distribution and billing, the corporation would have not radically changed as anticipated or as it is now (CS-05). To further enhance customer service there were other concurrent reform components, such as contract-driven performance management, decentralisation, performance-based pay,

organisational restructuring, cultural transformation and stakeholder support, especially of suppliers, media, donors and government (Berg & Muhairwe, 2006). This meant that being responsive to customers was not only a matter of response to customer queries but of building the accompanying capacity on multiple fronts to deliver appropriate services to all categories of customers as the ultimate goal. With satisfied customers, other stakeholders would be willing to give further support based on the legitimacy established through a successful reforms process.

Although the NWSC receives contributions from international donors and lending agencies, and the Government, for purposes of capital investment, the utility is largely dependent on its customers for covering its operational expenses, as claimed by the managers and also seen in audited accounts (NWSC Report 2008). Internally, the NWSC has a training program that delivers training to employees who deal with customers in customer care and service. Initially, the training was carried out for front desk officers only, but it was later expanded to include other staff, such as cashiers, field staff and meter readers. The NWSC has a Customer Charter which specifies the nature of the services that the NWSC commits itself to providing to the customers. However, the Charter does not incorporate sanctions for non-performance such as compensation payments if the NWSC fails to meet its service obligations. To counter this concern, the review of performance contracts is pegged to how well the Customer Charter promises are adhered to. Another contingent control is the management belief that they are doing well, therefore they should not backslide in their determination to prove that public utilities can perform well or even better than the private sector if the right conditions prevail (Muhairwe, 2006).

Another contributory factor for strengthening customer-oriented performance is that regular

customer surveys aim to establish the customers' views regarding areas where the NWSC still has to improve, as already discussed in a previous section. Customers can currently get access to the NWSC in person, by phone, with SMS, by messaging, through the media, via radio and TV, and through the internet to express their queries with more ease, and staff who do not listen and respond to them without any justification are subject to disciplinary action. The first two methods are more common than using the internet. Customers are involved in decision-making in the NWSC mainly through what is known in the NWSC as "strategic alliance meetings". The Area Service Providers conduct regular scheduled strategic alliance meetings with the different customer segments, which in a way are public consultations which provided feedback for further improvement. At the strategic meetings, customers make demands for what they require from the NWSC. These requirements are taken up as priority action items for the NWSC Area Service Providers and also brought to the attention of policy makers (PUP-08).

Table 5.2 provides an overview of how customer-oriented performance has been achieved in the NWSC as a result of reforms. The areas of improvement have been observed by the researcher to mainly include: better and more ways of bill payment, proactive seeking of customer opinions, an increased number of options for water supply, information dissemination to stakeholders for creating strategic alliances, and an increased percentage of complaints responded to the satisfaction of customers. To supplement this observation Schwarz (2006) in a global comparative study of water public utilities in low-income countries established the following in the case of the NWSC, as described in Table 5.2 below.

**Table 5.2 An overview of customer-orientated performance**

Indicator	Value
In what ways can the bills be paid?	At NWSC Cash Offices, Banks and ATMs
In what ways does the NWSC pro-actively seek the opinions/views of its customers?	Annual customer surveys, suggestion boxes, and strategic alliance meetings
What is the menu of options for delivery of the services NWSC provides?	In-house connections, yard taps, public stand posts, water kiosks, bulk connections for institutions and water vending.
In what ways does the NWSC actively inform its customers about changes related to service provision?	Flyers, newspaper advertisement, radio programmes and strategic alliance meetings.
What is the percentage of complaints that is addressed?	Between 95% and 100%.

*Source: Adopted from Schwartz (2006)*

The analysis in Table 5.2 demonstrates that some key steps have been taken to qualify the NWSC to implement customer-driven reforms in urban water supply. It was also established that staff turnover is very low and is usually limited to cashiers who face disciplinary action when they are involved in activities that defeat the objective of greater customer responsiveness. The response rate for addressing complaints of up to 95 per cent may be contextual and limited to some cases which do not involve resource constraints and the overall capacity of the NWSC to respond. The reinforcing interventions in terms of transformed corporate culture and staff turnover are addressed in Table 5.3.

**Table 5.3: An overview of corporate culture**

Indicator	Value
What factors influence promotion and/or salary adjustment decisions?	Staff performance appraisal, years of service, collective bargaining and academic advancements
Annual staff turnover?	Below 10%. Predominantly in the lower levels
What are the training costs per year as a percentage of operational budgets?	Between 1.5% and 3%
Is the staff informed about meetings of management?	Partially (need-to-know basis)
What is the ratio of support/technical staff to management?	Between 3:1 to 5:1
Is the mission statement internally visible in the NWSC?	Yes

*Source: Adopted from Schwartz 2006*

As seen in Table 5.3 according to Schwarz (2006) the vision and mission statements in the NWSC are highly visible and consistent with customer service. The staff mix is well aligned to emphasise cross-organisational functions, and annual staff turnover is low, which will ensure the sustainability of the reform momentum. The motivation to satisfy customers has been incorporated into NWSC action plans and widely published to ensure that the organisation benefits from most of the advantages arising out customer responsiveness (<http://www.nwsc.co.ug>).

### ***5.5.3 Support gained from the reform environment***

The public policy literature suggests that without reducing environmental challenges to reforms, the likelihood of reform failure is high. As a result of information dissemination and consultation with stakeholders to legitimize reforms, there has been enhanced perception of water as a basic human survival need in line with the constitution. As one customer vividly said, "...70 per cent of the human body is water, there is no life without water, and therefore being denied water is simply murder ... . Without water, human progress is only a distant dream." (WU-05). Therefore water supply is a core human need that defines the quality of life in every society and it deserves priority attention in public policy, with an evident need for increased budgets and public participation in decision-making (see also Miller, 2008).

Another area for reinforcing customer-oriented management is an office ambience and staff appearance that leave one with the impression that the NWSC is an exceptional public utility, without going into details of operational performance. The first impression one gets when visiting NWSC offices is a user-friendly environment in terms of cleanliness and proactive smart staff with a smile ready to serve (CC-04). This reality is the exact reverse of the pre-reform era where the office environment was one of long queues, corrupt tendencies, lack of parking space for customer vehicles and staff behaviour that bordered on the repulsive. However, through access to decentralised offices and use of alternative methods of communication such as phones, emails, letters and banks, the serious problems regarding access to staff, seem to have been addressed (CSM-04).

#### ***5.5.4 Handling of customer complaints, compliments and suggestions***

One of the important drivers of customer service is the changes in handling customer complaints, compliments and suggestions that have been evidenced in the NWSC. In an in-depth discussion with the MD in his office that took almost six hours without interruption in December 2004, he acknowledged the importance of effective management of customer feedback as the main demonstration of responsiveness to user voice and therefore customer-orientated performance. This section therefore discusses how the NWSC has established an effective complaint management system in order to understand factors that have determined the extent to which the basic principles have been applied. It was noted that the feedback on deficits that exist in complaint management have been monitored and evaluated internally to understand the implications for continuous action. The proper management of complaints and making them a tool for product improvement has been understood as a key factor for achieving sustainable customer-oriented performance, as was corroborated by the complaints centre manager (CCM-08).

The encouragement of complaints through the use of various channels is a priority for addressing customer satisfaction and loyalty in the NWSC, as also claimed by the customer relations officer in an interview. This implies that there is a changing culture where the managers and employees of the NWSC see complaints as an opportunity rather than a constraint and also as a source of organizational learning to improve decision-making for improving service delivery. Efforts have been made to ensure that management and frontline staff understand clearly the goals and tasks of complaint responsiveness. The MD and top management have allocated time on a regular basis to read and answer complaints in coordination with frontline staff and the PRO. One board member of the NWSC acknowledged that the managers' complaint reports are treated as a high priority in board



meetings, especially in regard to policy issues (BM-05).

The top management of the NWSC was also aware that, due to past poor performance, customers might have given up complaining and therefore steps towards complaint stimulation needed to put in place by encouraging dissatisfied customers to complain to the firm. The encouragement of customers to complain has been well understood as not implying poor performance but making it easy for customers to complain as an important objective for effective redress. To this end the NWSC has offered free telephone access through 800 numbers or service hotlines on 24/7 basis.

Further, one of the managers in the customer care department observed in a focus group discussion that the way customers are viewed positively in the NWSC has been transformed to a great extent as a result of reforms (FDG-05). Among the obstacles to effective complaint management, however, was the lack of a substantive manager who could coordinate directly with top management. This consideration could raise the status of customer focus so that it was prioritised in terms of allocation of resources. The customer care department was found also to require more resources for effective monitoring and evaluation of customer preferences. The staffing levels in the department were found to be low, as a result of cost cutting reforms. The analysis of data shows that to keep abreast with the rate of handling customer complaints requires further relevant staff provision with the necessary resources to continuously monitor complaints, compliments and trends in recommendations for further improvement.

### ***5.5.5 Challenges and lessons for effective customer orientation in the NWSC***

As established in the literature, applying customer-oriented reforms, especially in the public sector, cannot be devoid of problems involving resistance on pragmatic and ideological grounds. Acknowledging these problems does not mean that reforms have failed as such, but rather points out new challenges that appear not have been envisaged and need to be addressed in their own right on a continuous basis. According to the customer accounts managers (see Coates et al, 2001), the following issues were identified during the initial reform period in 2000 as a challenge to better customer relations:

- Persisting difficulties in decision-making on the adjustment of customer bills, due to lack of concrete evidence to base these on. This is partly due to poor records management on the part of the NWSC.
- Policy issues that are unpopular with customers, e.g. the inheritance of bills.
- Poor maintenance of meters, resulting in frequent failures. Billings based on estimated consumption, especially when the meters are faulty. Estimated bills are usually a source of disagreement with customers
- Delays in carrying out meter exchanges due to a shortage of meters in the utility.
- Delays in solving technical problems by the relevant sections.
- Fraudulent tendencies by some customers, sometimes in collusion with some staff e.g. tampering with meters, carrying out illegal meter exchanges, making meter by-passes, illegal connections and reconnections;
- Lack of guidance on how to handle complicated complaints;
- Ignorance on the part of some customers about their responsibilities;
- Inadequate empowerment for staff to handle complaints and short-circuit the complaint solving process;

- Inadequate training of customer care staff; and
- Inadequate motivation of customer care staff.

To address these concerns the NWSC formed a customer care section in Kampala, which has improved customer relations management in the service area (NWSC Customer Care Report, 2004). The number of complaints being registered has been reduced in service areas that have been improved, thus suggesting improved customer satisfaction as a result of responsiveness. Furthermore, pending complaints are on a declining trend as backlogs are strictly monitored as a basis for evaluating performance at both staff and departmental level.

There are also some other outstanding problems that include some staff viewing some customers as troublesome, attention-seekers, rather than genuine complainants. This was evidenced by the case of a customer in Kololo who claimed that his regular complaints on water and sewerage services had him labelled as “a problem customer” among some staff which led him to complain directly to the MD. The MD acknowledged that there were cases where different customers had different ways of raising queries in order to get attention. He felt that rather than being on the defensive, staff should try to resolve the raised problems so as to minimise the justification for recurrent queries.

In an interview with a water consultant (KFW-04), the existing problems in the NWSC indicated the need for a radical transformation in the way water services are delivered. The consultant claimed that there is more accountability from the corporation on the process issues involved in water delivery and greater responsibility for results. The water staff were observed to be more keen to resolve customer problems than in the past. The consultants reported that they were happy to be associated with the NWSC in reforms as an indication

that their input had contributed some value to the reforms. They also claimed that the relative success of reforms had provided evidence to challenge the conventional thinking that only foreign management can improve performance. The home-grown NWSC reforms have been embraced by various stakeholders, according to surveys, and hopefully the results will be sustainable (Urban Water Sector Report, 2008).

On the persisting water-supply-related problems, most stakeholders reported reduced frustration in spite of some shortcomings that are continuously being overcome (FDG-08). For purposes of continuity, some consultants preferred that the current MD should coach a potential successor to sustain the reforms in case of his exit. The Board had a more long-term view of reforms, being aware that one of the outstanding problems is to develop a strong, passionate and engaged management team, that will carry on with the reform innovations that are relevant in the context of the next generation. Similarly, staff turnover problems associated with the NWSC were addressed by building enhanced staff development and pay programmes that attracted highly skilled workers to remain with the organisation (HRM -05).

The outstanding challenges in urban water supply in Uganda have been attributed to lack of independent regulation or a semi-autonomous utility regulator that can set and monitor the performance targets defined in contracts. Measuring the extent of the incorporation of customer views into actual reforms and service delivery would possibly have been more focused with a regulator. However, the DWD and privatisation unit, though understaffed and underfunded, are closely monitoring the performance during the reforms. The consumer rights organisations that include the NGOs such as Water Aid Uganda, are helping to monitor water service within their limited resources. Some of these regulation shortcomings are said to have the potential to contribute to laxity in some reform areas such as in pro-poor water services

(PPU-07). The government was reportedly planning to establish an independent regulator with a mandate similar to that of Ofwat in the UK that would encourage a stronger customer focus.

To reiterate some of the key implementation success factors that came up in both Chapter 4 and the present Chapter, the primary one was increased customer focus to drive other reforms. The changes reflected empowerment of staff; devolution of power from the centre (headquarters) to regional operations; incorporation of private management style efficiency (less bureaucracy, performance-based pay, customer-pays-for-a good service principles); focused project management; good planning and continuous challenges; management teams with new performance targets; outsourcing non-core activities; systematic use of external contracts versus short-term internal performance programmes/contracts; clear oversight and monitoring through a checker system and information-sharing through benchmarking.

However, the outstanding constraints are: funding shortfalls for development projects; resistance to change by customers and some staff; competing claims over resources; periodic water scarcity; negative water consumption behaviours; illegal connections; limited network expansion to slum areas; government delays in bill payments; vandalism of meters, cutting off mains during construction, lack of access to information by some water users, the laxity brought about by initial success, lack of effective collective consumer rights protection; lack of the cost effectiveness associated with personalised responsiveness to individual customers' queries; and the persistence of organisational silos (Muhairwe, 2009).

Further assessment of applying customer orientation reforms in urban water supply in Uganda was done by Sanford Berg through personal communication. He has been a long time

consultant and academic who has authored important research evaluating the NWSC reforms. He was asked that: "Since, you are very conversant with what happened during the reforms partly as a consultant on NWSC reforms, how according to your experience can you demonstrate that in spite of some inevitable constraints, the NWSC case has been exemplary and yet most of our public sector literature tends to argue that because of context, institutional capacity and resource constraints, reforms are likely to fail than succeed in low income countries". The response to the concern I raised with him was as follows:

*You are quite correct: "context, institutional capacity, and resource constraints" tend to limit the effectiveness of reforms. However, NWSC represents an exception in that each of these factors had counter-acting forces. The context was truly conducive to reform (external threats from donors and, more importantly, a hands-off approach taken by national politicians). The government took on the burden of worker pensions for those who lost jobs (in lieu of paying for water consumed by government institutions and agencies in the past--past bills had not been paid). I don't know the full dollar amount there, but it must have eased labour strife and reduced the obligations of NWSC going forward. Finally, managers went after low-hanging fruit first: collections, re-connecting those who had been disconnected (kind of a re-start for customers who owed the company), and unaccounted for water. Finally, focusing on customers is NOT that expensive, compared with pipes, pumps, and water sources. Of course, customers receiving bad service will not feel good about their supplier, so service quality did have to improve. I think that the public education elements of NWSC activities deserve some credit for setting a tone with customers. The message resonated. The attached (unpublished) paper might be useful. It is still in draft form, but does identify strategies for overcoming the constraints you identified (Berg, 2005). I also assume you've seen Muhairwe's IWA book "Making Public Enterprises Work of 2009" (though it probably was published too late to draw very heavily from it). At least it should be cited as confirming (or conflicting with) your conclusions. (Personal communication from Sanford Berg Distinguished Service Professor, Economics Director of Water Studies, PURC--University of Florida [www.purc.ufl.edu](http://www.purc.ufl.edu) Tuesday, November 02, 2010 2:41 PM).*

This response takes into account what was done in the context of turning around a badly performing utility to a promising one within a short time and with constraints that are still being addressed. However, recognition of some of the challenges remain as the MD in 2009 reported that he made anonymous calls to some area

managers about corrupting them and out of 100 of them 15% accepted bribes which were not affected. The problem of bribery can potential reverse the achievements of the reforms so far but the gravity of such problems were reported to have reduced considerable as seen by the low percentage as compared to the past where almost everyone was corrupt (MD -09).

#### ***5.5.6 Section summary***

In the context of the present study, it is important to note that customer focus could not have contributed to relative success without the supporting NPM reforms that mainly targeted the improvement of NWSC capacity towards increasing access to water for all and at an affordable cost. If it is not easy to build a passion to serve customers in the private sector, then it is more challenging in the public sector, where it involves complex decisions at the different levels of management and operations. However, one of the top managers believed that having the business and public management skills, to take on resistance to change has helped the NWSC to face transformation obstacles (TM-O4). In the assessment of customer-oriented reforms, another important lesson learnt is that, it is the actual policy implementation or execution that produces results and not the policy conceptualisation and declaration. Therefore awareness about policy guidelines and applying them helps to recognise the different skills and tacit actions that contribute to defining the extent of success or failure. Therefore, more fruitful analysis of reforms, as has been attempted in this study, involves identifying the capacity and commitment to do things that really matter, and not just proclaiming change and looking for results suiting the garbage can approach that is now largely discredited. Therefore, coming to terms with transforming an organisation into a customer-focused and high performing organisation, is a tedious journey that can be bedevilled with excuses such as attributing failure to bureaucrats including reform context and

success only to policy makers. In this sense it requires policy makers and managers that are committed to doing the right things in the right way, and using performance incentives together with sanctions to achieve the desired results in a responsive manner.

## **5.6 Chapter summary and conclusion**

This chapter set out to analyse and explain whether the ongoing reforms have actually transformed the corporation and contributed to improving urban water supply or not. It has established that as a result of customer-oriented reforms there are some improvements in urban water supply from multiple perspectives. Among the key outcomes of the reforms are: expanded water services, increased stakeholder support for reforms; established channels for ensuring greater responsiveness to complaints; increased revenues from customers; and more customer satisfaction and enhanced reputation that indicate effectiveness of customer-oriented policy in the NWSC. The key outstanding challenges that are still being addressed are: increased water demand due to population increase; inadequate funding; and the need to consolidate reforms and maintain stakeholder support on a continuous basis.

As discussed earlier, the results generally show that the improvements and the outstanding challenges in urban water supply in Uganda are mainly associated with the extent of stakeholder support and above all customer focus. The changed outputs and outcomes are also significantly influenced by: the extent of management autonomy; improved funding; an enabling environment; operations and maintenance; decentralised management; performance contracting; internal competition; benchmarking service quality; provision of staff incentives; cultural change; focus on responsiveness to water users; incorporation of pro-poor concerns; emphasis on public relations; and committed leadership with a clear vision. However, the



main threat to sustaining the short-term reform achievements is inadequate development funding for expansion of affordable and good quality water services to all underserved areas. This concern has to be addressed if the reform potential has to be sustained in the long run.

Perhaps due to the business orientation of the NWSC leadership the individual customer rather than the collective political approach has been emphasised in enhancing responsiveness to user voice. However, an interdisciplinary analysis as suggested in the literature in chapter 2 adopted in this study suggests considering the business and political approaches as complementary approaches rather than independent alternatives in order to understand the various perspectives that drive reforms and influence their outcomes. The next chapter analyses the how customer orientation has impacted on water users from their own perspective. This is particularly in relation to water service improvement, provider responsiveness, user voice, satisfaction and loyalty.

## **CHAPTER SIX**

### **ARE NWSC HOUSEHOLD WATER USERS SATISFIED AND LOYAL AS A RESULT OF PROVIDER RESPONSIVENESS-TO-VOICE REFORMS?**

#### **6.1 Introduction**

Chapter 4 examined the policy formulation and implementation strategies for customer oriented policy in the NWSC. Chapter 5 assessed the reform influence on urban water supply performance from the perspectives of some water users, providers and key stakeholders. In order to provide a fuller appreciation of how customer orientation policy is working in the NWSC, this chapter examines how household water users have responded to the reforms. First, we do this by exploring whether there are suggested links between customer-oriented reforms and provider responsiveness to user voice through managing complaints and improving water supply. Secondly, we investigate whether users, as a result of reforms, have become satisfied with their water service and are consequently loyal to the NWSC. To accomplish these objectives, a survey of connected household water users was found to be useful because these users regularly interface with providers, are geographically dispersed and therefore conversant with different trends of resolving water supply failures, are easily traceable at their premises, and feel directly the impact of tariff and other water supply changes.

We use Hirschman's theory of exit, voice and loyalty categories of influencing service improvement as an analytical guide for interpreting the survey findings of the predicted variable relationships that depict the level of customer orientation as a result of reforms. The findings show that provider responsiveness to voice, as predicted, had significantly influenced changes in water supply, thereby directly influencing user satisfaction and loyalty. However,

water users were, surprisingly, found not to demonstrate loyalty to the NWSC as a direct result of being satisfied with changes in water service delivery. This is perhaps because of some continuing service failures and the fact that the NWSC is a monopoly provider, which leaves water users as captives with very limited, expensive and unreliable water service alternatives.

This chapter first discusses the survey purpose, design and methods. Secondly, it presents and interprets the survey results in relation to the variables of provider responsiveness to water user voice, satisfaction and loyalty. Thirdly, the chapter summarises and discusses the survey findings before concluding.

## **6.2 The survey: purpose, design and method**

### ***6.2.1 Introduction***

This section describes the purpose, design and method of the survey. A well-defined survey has to have clear objectives that constitute the best approach to answering the research questions. Survey research is a scientific inquiry that requires rigorous design and analysis, so as to produce reliable data from a representative sample of respondents to whom the research question applies (Cresswell, 2008). In our case, household water surveys were found to be relevant for producing data that measured user perceptions of how their voice was being responded to and at the same time rate whether individual customers thought they were less or more satisfied with water service, with consequences for user loyalty to the provider. Therefore, a survey was found to be a useful approach for assessing how water service reform outcomes had contributed to customer satisfaction and loyalty, such as might be presumed to

be triggered by provider responsiveness to user voice (Bolton, 1998).

The focus on responding to customer preferences and complaints has been argued to be useful in triggering provider responsiveness, improved service delivery, user satisfaction and loyalty (Reichheld, 2001a). However, as discussed in Chapter 4, to achieve holistic responsiveness reinforcing elements such as resource availability, contractual incentives and a demonstrated public ethos among managers to provide better services need to be considered as alternative or even complimentary factors. In a public sector context, taking into account other key stakeholder concerns such as equity can be helpful in reducing the criticism that by responding to the immediate individual needs of customers, the collective concerns of the wider public are likely to be ignored. Other likely omissions in surveys include: not capturing the criticality of the service context, socio-economic moderating factors, alternative service users' views, the complexity of public service values, financial constraints, regulatory requirements and the changing nature of the multi-stakeholder as potential predictors of service outcomes (Marsh & McConnell, 2010). However, some of these justifiable concerns have been taken into account in the analyses in Chapters 4 and 5 that have given the contextual background to this survey.

In the literature, provider responsiveness to user voice is demonstrated by how well customer complaints (or even compliments) are managed. Often this is predicted to impact on the way water services are perceived and rated, especially by users before, during and after consumption (Narver & Slater, 1994; Brewer, 2007; Deichmann & Lall, 2007). In competitive market environments, it is often predicted that the more satisfied a customer is, the greater will be their loyalty, and this is a potential measure of whether provider responsiveness actually impacts on what customers value (Helgesen, 2006). However, some studies that have

measured a high degree of satisfaction have found that this does not lead to customer loyalty, implying that there are other potential triggers of loyalty. According to Divett et al (2003) the increased levels of perceived approachability and responsiveness to user voice are potential predictors of customer loyalty, even where true competition is compromised. This survey was therefore mainly motivated by the argument that responsiveness to user voice has a strong link to customer satisfaction and loyalty.

### ***6.2.2 Survey objectives, research questions, variable definitions and hypotheses***

In order to make the research design more explicit, the survey objectives, questions, and theoretical definitions of the key and tested hypotheses are described below.

#### ***Objectives of the survey***

Clear objectives are essential for a well defined and designed survey (Punch, 2005). The motivation for structuring this survey was derived from the literature which debates factors that contribute to failure or success in achieving a strong customer focus in the public sector. This literature has largely neglected the public urban water supply sector, as there are hardly any specific references from multi- perspective including in-depth studies that highlight what has actually transpired when reforms are applied to turn around performance. The first objective of the survey was therefore to measure perceptions of how water users rated the effectiveness of their views in relation to responses from water providers. The second objective of the survey was to measure perceptions and rating by water-users in relation to the need for reforms, their perception of service changes, their satisfaction with water service changes and what they thought actually drove their loyalty to the NWSC. The third objective was to examine how variations in scores on items representing provider responsiveness, user

voice, satisfaction and loyalty determined the predicted relationships. The overall analysis of these aspects would provide further evidence from the customer perspective to explain whether the customer policy intervention in the NWSC was suitable or not as an overall strategy for improving urban water supply.

The survey was further intended to contribute to the development of a survey methodology that could guide the regular involvement of customers in assessing performance and therefore influencing performance management in urban water supply. The questions developed would benefit researchers and practitioners when determining the importance customers attached to the technical, general management and customer-service attributes that framed their values in relating to providers. This could potentially help in designing strategies for improving customer satisfaction and therefore loyalty in order to achieve strong customer orientation. It would also provide a reference framework for assessing customers' perception of water utility performance on the various attributes of responsiveness, voice, satisfaction and loyalty. Generally, the study findings are useful in understanding the policy priorities that should influence management decisions in water services.

#### ***Main survey research question***

In order to understand whether NWSC household water users were satisfied and loyal as a result of reforms based on responsiveness to voice, the specific research question for the survey was:

***Are provider responsiveness, user voice, satisfaction and loyalty evident in urban water service delivery operations, and what are the possible relationships between them?***

In order to get responses from water users to this question, the design of questionnaires solicited factual data describing the characteristics of heads of households, and, at the same time, inferences between constructs and exploration of individual constructs (Punch, 2005).

### ***Specific research questions***

The above survey research question is sub-divided into four specific research questions that frame the analysis and interpretation of the data, and these are as follows:

- What is the relationship between user voice and provider responsiveness?
- What is the relationship between provider responsiveness and satisfaction?
- What is the relationship between provider responsiveness and loyalty?
- What is the relationship between user satisfaction and loyalty?

### ***The theoretical and operational definition of the variables***

The variables of responsiveness, user voice, satisfaction, water service delivery and loyalty have various definitions in the business and public management literature (see also Needham, 2006; Clarke et al, 2006). Preliminary surveys of the operation of the NWSC led to some conceptual clarifications that were found to be important in interpreting the survey findings. The definition of the variables at theoretical and operational levels is as follows:

**User voice** entails both content voiced and actual use of channels for communicating between service users and providers about issues related to service delivery. The World Bank 2004 accountability framework differentiates user voice at an abstract level to mean client power at the level of provider-user interface and as citizen voice at the public and policy maker interface. However, at the operational level, for purposes of clarity and simplicity, it is

interpreted as involving channels being used to communicate views and complaints in order to obtain the service providers' response. When these channels are effectively used by both parties to enlist feedback and redress, then it constitutes an effective voice that triggers provider responsiveness.

**Provider responsiveness** refers to the extent to which user demands are taken into account through timely feedback, actual decision-making and delivery of services to the end user. At the operational level it involves mainly putting in place mechanisms to respond to service users' opinions or queries and actually being able to ensure redress through appropriate feedback and solving of issues raised.

**Improved water service delivery** involves many stakeholders' perspectives and includes how providers, customers and other key actors in the water sector perceive performance improvements at the production, maintenance, distribution, operational, managerial and stakeholder relational levels. At the operational level, improved water service is measured by more people accessing a service conveniently and reliably, at an affordable cost, with assured quality and quantity, and with good customer care that ensures responsiveness to user voice.

**User satisfaction** in relation to water supply can be at the delivery, purchase or consumption level, and can be an attitude at a particular instant or accumulated consumption experience. At the operational level, it is measured by evaluating the actual benefits of service quality attributes, the reliability/consistence of supply, affordability, and the extension of the service to underserved urban areas to meet rising demand due to population surges in these areas. Satisfaction is not static, as reforms actually lead to new demands on service providers, and



staff have to be satisfied in order to provide satisfactory services to water users.

**User loyalty** for household water users in a competitive environment involves the option of exit or choice, but in a monopoly public situation there are limited water alternatives. Attitudinal loyalty is the demonstration of passive preference for the service provider, while behavioural loyalty includes putting into action the loyalty relationship by recommending the water service to potential customers, being willing to pay bills, and preferring to remain using NWSC water services in spite of some shortcomings. However, the preference for a satisfactory service can on its own trigger loyalty in terms of attitudes and actually recommending services to potential customers who have doubts about service improvements due to past poor performance. At the operational level, user loyalty can be demonstrated by a user's commitment in signing a service contract with the NWSC, remaining a customer in spite of service break downs, being willing to pay bills, recognising service improvements, talking to other water users to convince them to support reforms, and positively reacting to those reforms that capture their interest.

The applicability of the above variables was validated through preliminary investigation and piloting of questionnaires before administering them, to ensure maximum response rates and that the questions actually measured what they were intended to. The anticipated relationships of the above variables were tested in relation to the above definitions that were reflected in identifying the questionnaire items applied to gain empirical evidence.

#### ***Hypotheses and key variable indicators tested in the surveys***

On the basis of the above theoretical and operational definitions, the key attributes for testing the variables were worked out and are presented under this sub-section. The hypothetical

relationships to be tested were clarified, to point out the relevant relationships that were important in responding to the research questions. Consequently, in the survey the analysis of water user voice and provider responsiveness are interpreted as independent variables that are hypothesised to contribute to changes in service delivery, user satisfaction and loyalty as dependant variables. The assumption is that if the NWSC is responsive to voice as a strategy for improving water service delivery, then it is likely that user satisfaction with service outcomes will improve, consequently impacting on water user loyalty. Therefore key service attributes related to the presence of, and relationships between, the variables of provider responsiveness, user voice, changes in water service delivery, user satisfaction, and loyalty are spelt out as follows:

#### **Key user voice indicators**

- Customers having the confidence to express their concerns both formally and informally
- The existence and use of channels of communication that are recognised
- Customer care (being approachable and valuing customers)
- Regular updates to customers regarding the availability of water.

#### **Key provider responsiveness indicators**

- The existence and use of strategies for communicating with customers
- Timely feedback in response to general enquiries, and actual complaint redress
- Willingness to resolve service complaints and preferences amicably
- Quick response in effecting new connections
- Customer sensitive service design and implementation.

**Key water service delivery indicators**

- Supply reliability
- Sufficient supply pressure
- Good quality water
- Timely and accurate bills
- Convenience of bill payment process.

**Key user satisfaction indicators**

- Perceived contentment with the water supply attributes listed above
- No desire for further changes in water service
- Acknowledging and valuing responsiveness to voice
- Recognising whether reforms have delivered benefits or not in water service delivery.

**Key user loyalty indicators (both attitudinal and behavioural loyalty)**

- Valuing customer care and a good office ambience
- Positive attitudes and behaviour towards the provider
- Agreeing with the changing post-reform reputation of the provider
- Recommendations to other water customers to use the NWSC
- Being willing to pay water bills promptly
- Limited urges to switch to another provider if there were any.

The above key indicators, although not exhaustive as they were limited by the scope the survey objectives, constitute the analytical framework under which this study was undertaken. Arising from the general hypothesis presented in Chapter 3 Section 3.1, the specific

hypotheses upon which this survey is structured are as follows:

- **There are significant positive relationships between user voice and provider responsiveness.**
- **There are significant positive relationships between provider responsiveness and user satisfaction.**
- **There are significant positive relationships between provider responsiveness and user loyalty.**
- **There are significant positive relationships between user satisfaction and loyalty.**

As seen above, the overall logic and research strategy was framed by the hypothetical relationships being tested in the NWSC water supply setting as influenced by customer oriented reforms.

#### ***Questionnaire development and pilot testing to ensure reliability and validity***

The research questions were simplified to meet the empirical criterion through pre-testing and comparison with similar research instruments. The content of the questionnaire was guided by the key indicators under each variable which have already been identified above. The questionnaire design was quite challenging and took more time than the fieldwork itself. The need to have not only a good questionnaire but the right one to produce relevant data was the overriding criterion, bearing in mind the information available to water users and literacy levels in Uganda. This would affect interpreting the questions and answering them appropriately. Therefore care was taken to ensure that questions made sense in the context of NWSC operations and reforms, especially in regard to management of water supply. Other considerations included whether the questions were easily accessible in presentation, offered

the right ethical assurances, and sought information that was relevant to answering the research questions.

The household water user survey was mainly intended to achieve the objective of establishing whether there was responsiveness to voice, and whether this consequently enhanced user satisfaction and loyalty, as a result of reforms. This was done by measuring the following (i) the importance customers attached to various attributes of water services that include voice, responsiveness, satisfaction and loyalty; (ii) customers' perception of the provider's performance on those attributes; and (iii) their preferred priorities for continuous improvement. In particular, for example, water users were asked for their opinions on whether their demands were now being listened to and necessary action taken by NWSC staff. Questions were also asked about the changes that had made them more satisfied with water services, more loyal to the NWSC and more willing to pay the bills, as compared to the pre-reform period (see questionnaire for user survey attached as Appendix 5). The piloting stage also helped to ensure that reliability and validity issues were addressed, as detailed in Chapter 3. In order to facilitate the interpretation of the results of the survey, the theoretical and operational definitions of the key variables are presented next.

The questionnaire was also pre-tested in line with standard survey practice to establish whether service attributes were correctly represented. Following the pre-test, a pilot survey was carried out with a small random sample of customers in order to further test the suitability of the questionnaire and the procedures for data collection. The pilot study was conducted in Kampala Water Area. All parts of the questionnaire were subjected to internal consistency tests and found to be reliable as per the details in Chapter 3 section 3.6. A copy of the final

questionnaire used in the user survey is attached in Appendix 5.

### ***6.2.3 The sample, research strategy, data collection procedures and limitations***

The survey sample, research strategy and data collection procedures are justified as follows:

#### ***Study setting and sample***

The context in which the NWSC is operating has been discussed in detail in the introduction in Chapter 1. However, briefly, the NWSC is a statutory urban public water monopoly utility that is mandated to supply all urban residents with water in the major towns in Uganda. Its performance is regulated directly by Government using three-year performance contracts, a Performance Review Committee, and to some extent by the NWSC board which is comprised of different stakeholders. The corporation was reformed in 1998 through home grown initiatives to improve its managerial performance, with the possibility of it being privatised as part of the Government's policy to divest itself of poorly performing public utilities.

There are different categories of water users in the NWSC areas that include industry, institutions, business, agriculture, vendors, standpipes and household service users. However, because of research limitations the focus was on household water consumers in Kampala whose data could be easily traced through the NWSC customer data base.

The household water users were selected because, in terms of water consumption, they consume about 70 per cent of NWSC water produced and distributed. Because they faced a high incidence of water-related problems, due to their various localities around Kampala, including peri-urban areas, they became a good source for measuring water service attributes

that are relevant to answering the research questions. And households experience most problems may affect users. These problems include water cuts, disconnection, poor billing, illegal connections and meter vandalising that constitute indicators of poor performance that need to be resolved through reforms such as those adopted in the NWSC. Further, water customers at household level were chosen because they could easily be approached at their known residences. It is also easy for household customers to interface with the NWSC based on recurring water problems, unlike institutional and public representatives who are not personally subjected to any water service defects. In any case, the findings of the survey are restricted to household water users, mainly in Kampala, and therefore these are not representative of all water users in the study area.

### *Sample size*

When it is impractical to survey all possible respondents in a target population, because of the size of the population and the difficult of identifying possible respondents, a small representative sample is often surveyed (Punch, 2003). There are several options for probability and non- probability sampling which were considered in this instance, based on their use in similar research. Random sampling, where every member of the population has a chance of being selected, was considered first of all, but this would imply knowing all the particulars and especially the locations of all the household customers in Kampala. The most convenient procedure was to use snowball sampling, where initially identified respondents in a pilot study are used to identify potential respondents from their place of work or neighbourhoods. This approach was used as finding the residents at home during working hours was sometimes difficult as they had no other means of being conveniently reached. To avoid response bias, we used NWSC data to visit different areas in Kampala, including peri-urban areas, to ensure that non-respondent had similar characteristics to respondents.

The sample size was calculated at a 95 percent confidence interval and a 10 percent margin of error. In addition, a 70 percent response rate was assumed to be realistic, in the Ugandan context, to ensure external validity, implying that we had to target a higher number than the required sample size in order to obtain the required number of completed questionnaires for the desired level of accuracy. With a customer base of about 150,000 household water users as of 2004, a sample of 301 customers distributed in various areas with different socio-economic backgrounds was found to be adequate for the survey, given the limitations explained below and determined by the scope of the study.

**Table 6.1: Sample Size**

<b>Area</b>	<b>Sample size</b>
Kampala divided into –Ntinda, Mukono, Kamukya, Nsambya, Luzira, Bweyogerere, Kololo, Muyenga and Industrial area	235
Entebbe	24
Mbale	14
Jinja	28
<b>TOTAL</b>	<b>301</b>

*Source: Own survey, 2004/2005*

As can be seen in Table 6.1 above, the study was done mainly in Kampala, with areas of Entebbe, Jinja and Mbale also used in order to make possible comparison of smaller and geographically differentiated urban areas where the NWSC operated. The next sub-section briefly describes the procedures followed in the administration of the questionnaire.



### **Administration of data collection procedures**

Bearing in mind the resource and time constraints of five months' fieldwork, while also taking into account the technical constraints of maximising response rates, the researcher was assisted by two research assistants who administered the questionnaire physically. The same group distributed reminders and made necessary follow-up visits over three month period to collect the questionnaires from various parts of Kampala. Arising from the research design and strategy explained above, a household water user survey was done by the researcher between 2004 and 2005 in Kampala, Entebbe, Mbale and Jinja urban areas with the main intension of finding out from household water users how they felt about the changes in water service in the NWSC. A sample study of water customers was measured in respect of all variables. In this case, the individual household head was the unit of analysis. The sample description is as in table 6.1, to minimise response bias from a particular area. Considering the socio-economic situation in Uganda, the preferred approach was face-to-face administration of the questionnaires to take advantage of tracing household heads at their premises. This was because a key consideration in survey practice is the response rate, that is, how many of the individuals selected for the survey actually participated. This was to avoid the non-response variable bias that is created when non-respondents' would-be responses differ from the responses of those who participate in the study. The magnitude of non-response bias depends on a study's response rates. Moreover, in survey practice, the overall response rate is considered as an indicator of the representativeness of sample respondents. Response rates of at least 50 per cent and more than 70 per cent are considered adequate and very good, respectively.

Through constant reminders and repeated visiting of respondents, the response rates were more than 70 per cent, which was within the acceptable levels. The findings presented in this

chapter were both compiled mainly from the user surveys that targeted the heads of households using NWSC water services. The questionnaire survey results were from the NWSC's water service-users (n = 209).

### ***The limitations of the survey***

As in most surveys, the present survey offered some limitations that can be addressed as issues for further research. The limitations of the survey include the fact that it was done on a sample of household water users and the findings cannot be generalised to other water users.

Given the low literacy rates in Uganda, the use of English as the questionnaire language may have left less educated household users with problems in comprehending the questions, and this may have affected their responses. However, it is general practice with questionnaires to simplify the analysis of technical service concepts on which users may be in no position to perceive as they only expect to consume the product and would want the professionals to decide on standards. The triangulation of findings from other data sources, as described in Chapter 4 and 5, was found to be a good approach to addressing this weakness.

The loyalty and satisfaction linkage is better applied in a competitive service delivery environment, rather than in a public sector environment, where loyalty is influenced by context, political, socio-economic factors and overall public service values, rather than by some few attributes that concern only individual customers.

### ***6.2.3 Data analysis***

As also reported in Chapter 3, section 3.8, when we dealt with methodology, the quantitative data obtained from surveys was analysed by means of the SPSS 11.0 package (2000), using

descriptive and inferential statistics. The type of data analysis was predetermined at the level of research design to include correlations and regressions. Other questionnaire responses were proof-read, fed into the computer, checked and cleaned in preparation for the final analysis using the SPSS 12.0 programme. The relevant methods and techniques were used to analyse the data. The internal consistency of subscales was examined using co-efficient alpha: the data on the main variables were summarised using means, standard deviations and frequency distributions. The relationships between variables were investigated using correlation and regression analysis to investigate the hypothesised relationships.

Psychometrics is a field of study concerned with the theory and technique of educational and psychological measurement, which includes the measurement of knowledge, abilities, attitudes, and traits. Psychometric analysis is a technique used to test the reliability and validity of data and it was applied to achieve two objectives (Punch, 2005). The first was to ensure the best possible measurement of the variables, with reference both to variations between people and to internal consistency for multiple-item scales. The second was to create scores on each variance for each person, after which individual item scores were left when transformed in order to concentrate on variables or scale scores that were amenable to statistical manipulations that further reduced them substantially and consolidated them, with one score representing each of the variables.

The study applied the Pearson product-moment correlation ( $r$ ) to understand how each variable related to the others, and also multiple regression analysis that involved simultaneously testing how variables might influence each other. The limitations on the significance of user satisfaction and user loyalty relationship necessitated the regression as reported below. The findings of the surveys are summarised below. Further details of the

findings are given in Appendix 6.

#### ***6.2.4 Section summary***

In summary, to answer the research questions and test the hypothesis, the overall strategy was to survey a sample of 300 household water users, mainly within the Kampala area, to maximise variation in the independent variables. The questionnaire was developed by researchers after due consideration of the context of NWSC operations. The questions were piloted to ensure the empirical criterion that the phenomena being measured should actually exist. The data were analysed using correlations in order to establish the relationships that were hypothesised to answer the research questions.

### **6.3 Observations from analysing the survey data**

#### ***6.3.1 Introduction***

The main aim of this section is to summarise, interpret, comment on and discuss the survey findings based on the research questions and propositions. The strengths and possible weaknesses of the findings will be highlighted. Since the analytical framework provides research questions as central to the analysis, the logic of the answer to each of the sub-question will be applied, while keeping in mind the overall survey question that aims to establish the extent to which the NWSC has become customer oriented. The presentation provides the statistical evidence in table form and explains the results relevant to the specific question. The technical, interpretive and substantive interpretations are used as evidence to answer the main survey question and ultimately the overall study question. Whenever necessary, links are made to the literature, so that findings are situated in the analytical framework that helps to clarify the relevant empirical evidence and contribution to theory.

### ***6.3.2 What is the relationship between user voice and provider responsiveness?***

The establishment of the link between user voice and provider responsiveness is a key relationship for the overall study. The questionnaire's Section E measured the attributes that are related to user voice being applied in the NWSC using interval rating on the Likert five-point scale which ranged from *strongly agree* to *strongly disagree*. The issues interrogated briefly included: information availability to users; empowerment of users to complain through user-friendly channels; evidence of information given to staff being acted upon; management accessibility; effective consumer presentation in service design and regulation; use of the media to communicate; and use of political forums to highlight water supply issues. The items were 22 in total and generated interval data that were amenable to correlation and regression analysis. Section F of the questionnaire measured the items that constitute provider responsiveness in the NWSC from the household water user perspective, thus implying that the highly technical issues that potentially contribute to responsiveness, as understood internally in organization, were not captured, as they were likely not to be rated meaningfully by respondents. In brief, the 24 items were rated from *strongly agree* to *strongly disagree* and are summarised as follows: commitment to ensure the right information reaches water users; timeliness of feedback and redress of complaints; evidence of being accountable to users first; consultation of users in designing and implementing reforms; fairness and equity considerations; stakeholder forums to encourage organisational learning; adequacy and motivated staff who respect customers; and conduct of managers and frontline staff likely to reduce inappropriate practices. The use of effective channels to communicate to service users through policy makers, public media, brochures, newsletters, client charters, forums and regulators were also rated to create data that was amenable to correlation and regression analysis. The above attributes relate to the key indicators identified under Sub-section 6.2.2 of this chapter and apply to testing the variables of voice and responsiveness in the subsequent

findings and discussion on the same variables to avoid unnecessary repetition.

It was hypothesised that there was a significant positive association between water user voice and provider responsiveness. Therefore the first research objective was to establish the strength of the relationship between user voice and provider responsiveness. Table 6.2 below shows the results.

**Table: 6.2 Correlation between provider responsiveness and user voice**

Variable	User voice	
	Pearson correlation	0.792
	Sig (2-tailed	p<0.01
	N	151

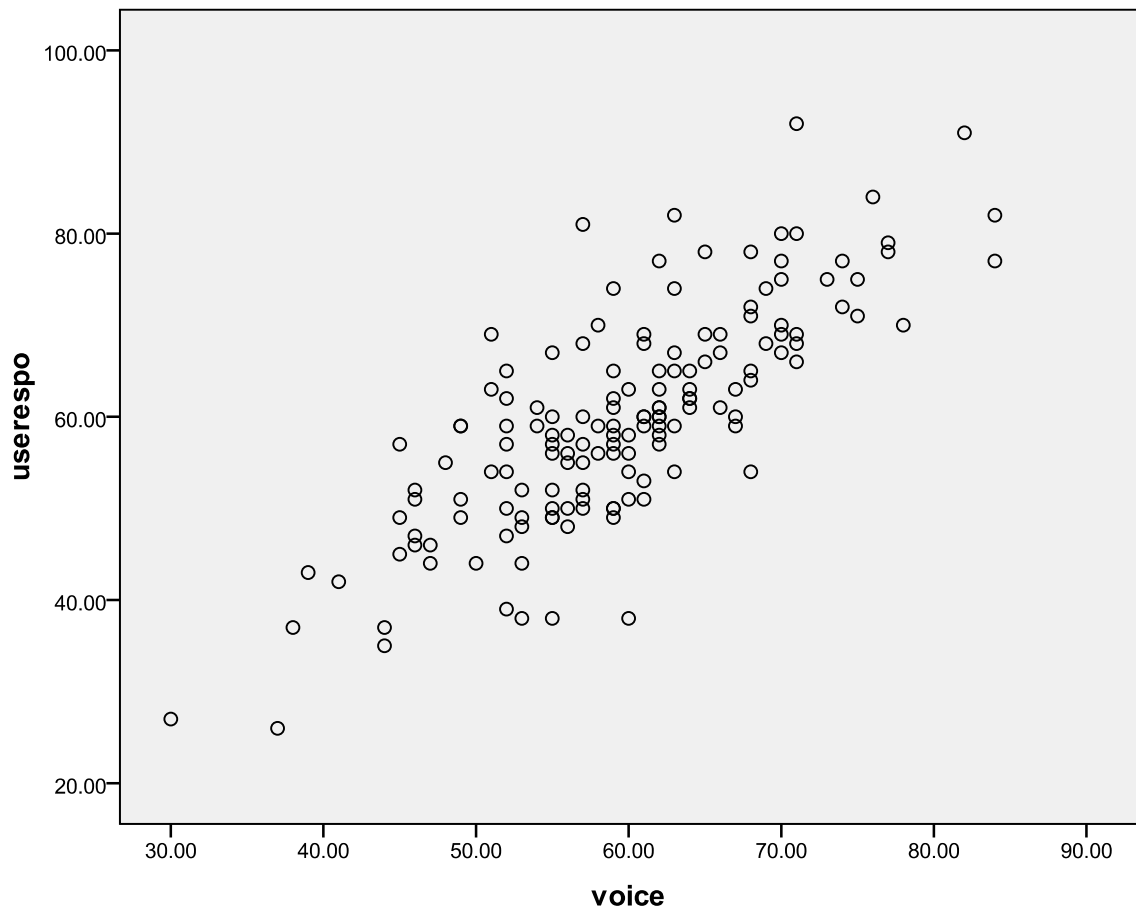
*Correlation is significant at 0.01(2-tailed)*

*Source: Own survey, 2004/2005*

The Table: 6.2 shows the correlation between provider responsiveness and user voice. The Pearson's correlation test static is 0.792 that is significant at the level for a two tailed test (prediction). Table 6.2 shows that the relationship is positively significant at  $p < 0.01$  Level (2 tailed). The analysis shows that higher scores on water user voice go with higher scores on provider responsiveness. This implies that there is a significant positive association between water user voice and provider responsiveness and therefore the hypothesis introduced above is upheld. The results further suggest that, as user voice increases, provider responsiveness increases, implying that as water users exert more voice pressure through complaints to water providers, the response is to design better services that take into account the benefits to end-users.

The finding also suggests that service users whose voice their concerns to providers are more likely to get a good service response than those who do not, where room for exit is highly constrained. The alternative interpretation is that the more the water user complains about a particular service attribute, the more likelihood there is of providers being responsive to household water user voice as an attribute that is generally accepted as a strategy for improving service delivery. This finding is not surprising because, in the first instance, water issues would not be known to trigger responsiveness by water providers who had been accustomed to supply rather than demand management. This finding is in line with the evidence reported on NWSC responsiveness to voice, as reforms dealt with in Chapter 4 and Chapter 5 have either directly or indirectly contributed to improving user and provider relationships. This finding suggests, from the perspective of household water users, that they strongly perceive that their views are being listened to and responded to as a strategy for improving urban water supply in the NWSC. Further confirmation of the significant relationship between household water user voice and provider responsiveness is reflected in the data analysis demonstrated by the scatter diagram figure 6.1 below.

**Figure 6.1: Scatter Diagram relating voice to responsiveness in NWSC**



**Key:**

*Voice – User voice*

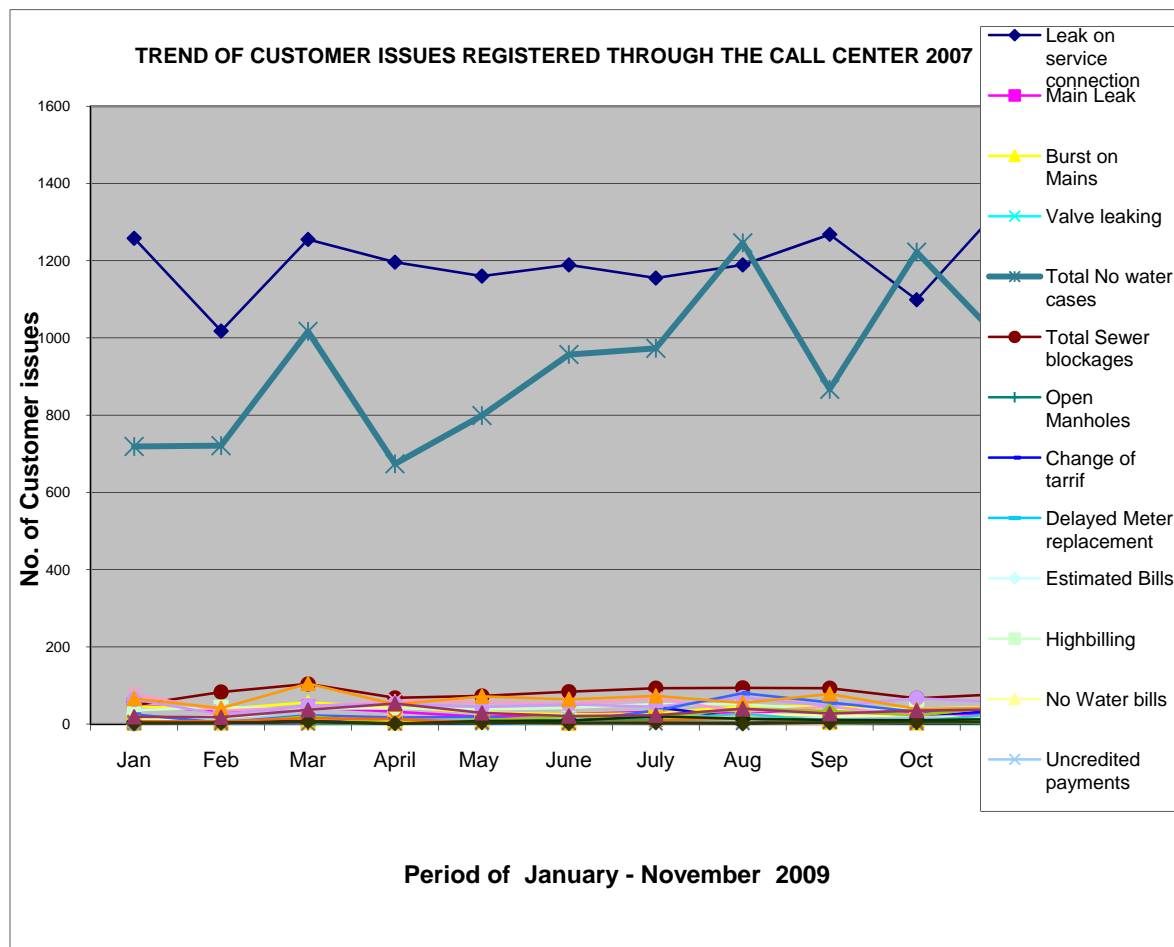
*User responsiveness – Provider responsiveness*

**Source: Own survey 2004/05**

The scatter diagram in figure 6.1 above shows that as perception of voice increases perceived responsiveness correspondingly increases in the same direction. The figure 6.2 shows trends of customer complaints as part of direct voice to the provider as below.



**Figure 6.2 Trends of customer complaints**



*Source: Kampala Complaint Centre Seventh Street, 2007*

The graph shown in figure 6.2 above only captures the frequency of recurring problems over a one-year period upon which related analysis can be potentially done. The graph shows that it is water leaks and mains cuts that constitute the majority of the complaints with a monthly average of 1000 of these incidents reported, while other minor problems that have been largely resolved total no more than 100 per month. However, for this type of analysis there needs to be a more detailed analysis of trends in reported cases that are responded to within particular time targets, as set out in the customer charter. An attempt by the researcher to get the exact figures for 2008 for the trend in complaint resolution was futile, the reason being that the water was being upgraded before it was given out to third parties. The trends in water

leaks and water network mains cuts that constituted the main complaints had been prioritised for immediate action in order to reduce customer complaints in those areas that were likely to make them dissatisfied.

In brief, the finding that enhanced user voice can trigger enhanced provider responsiveness suggests that managers of urban water supply, especially in a monopolistic situation, need to focus on analysing complaints trends. This finding further highlights the potential invested in actively listening to household water user voice and trying to prioritise their views in managing, designing and improving service delivery.

Further, the efforts that allow household water users to communicate with NWSC staff, as discussed in Chapter 4 and also reported in reform review workshops, have contributed to reinforcing the user-provider interface. The reforms include establishing free toll phones, direct complaints to care centres, management, use of letters, physical visits to the offices, use of media participation in stakeholder forums, and use of local and national leadership. All these constitute client power or user voice. Responsiveness to user voice, in this particular case from the user perspective, is viewed as being the result of a reciprocal exchange of information between the provider and water beneficiaries that is likely to influence improved service delivery.

### ***6.3.3 What is the relationship between provider responsiveness and satisfaction?***

The dominant argument driving reforms is to optimally use organisational resources to ultimately satisfy the customers from whom revenue for service sustainability is derived. This

ambition calls for indicators that are appropriate to each service sector, and in our case from the customers' perspective. In order to test the hypothesised relationship between provider responsiveness and user satisfaction, we use the indicators of provider responsiveness summarised under section 6.3.2 above, and those for user satisfaction are summarised next. Section D of the questionnaire measured user satisfaction by applying the Likert five-point scale, with the points ranging from *very satisfied* to *very dissatisfied* with each water service attribute. The attributes measured were 42 in number, and these were generated during the preliminary investigation stage which was used for item generation, item reduction and pretesting before the actual piloting of the final questions. In the piloting, the reliability and validity of the questions was established using Cronbauch's coefficient alpha test. This approach generated interval data that is amenable to correlation and regression analysis.

The items rated by household heads using a connected water supply briefly include: time taken to do repairs, taste of water, adequacy of water supply, billing convenience and accuracy, metering efficiency, reasonableness of tariffs, complaint management, connection and re-connection convenience, ease of payment procedures, accessibility of NWSC offices, staff working hours, perceptions of staff knowledge on customer needs, and rating of the reputation of the NWSC. It should be noted that the very technical aspects of cost effectiveness, quality standards and resource implications for improving urban supply were not captured and rated, as they were believed to be beyond the knowledge of water users who were mostly lay people. However, from the customer perspective, the various items provide a fair view of salient issues that are mostly focused on by managers intending to improve urban water supply. Sensitive questions such as those on the existence corrupt practices among provider staff and the perpetuation of illegal connections were avoided as a result of

comments from the pretesting stage, in order to enhance response rates from potential culprits.

Based on the above indicators, it was predicted that water provider responsiveness would cause users to derive increased satisfaction. Therefore, the second research objective was to find out whether there is a significant positive relationship between provider responsiveness and user satisfaction. Table 6.3 shows the results.

**Table: 6.3 Correlation between provider responsiveness and user satisfaction**

Variable	User satisfaction	
Provider responsiveness	Pearson correlation	0.655
	Sign (2-tailed)	p<0.01
	N	113

*Correlation is significant at 0.01(2-tailed)*

*Source: Own survey, 2004/2005*

The Pearson's Correlation test static= 0.655, which is significant at the level for a 2-tailed test (prediction). Table 6.3 shows that the relationship is significant at p< 0.01 level (2-tailed) that is a positive correlation. Therefore, the data show a significant positive correlation between provider responsiveness and user satisfaction, as predicted. The analysis shows that higher scores on provider responsiveness go with higher scores on water-user satisfaction. This finding suggests that household water users whose concerns are responded to are likely to be satisfied. This finding is suggestive of perceived benefits to water user that are linked to customer-oriented reforms, among other reforms that have been elaborated in Chapter 4.

#### ***6.3.4 What is the relationship between provider responsiveness and loyalty?***

It was predicted in this study that enhanced provider responsiveness could impact on water user loyalty. It was therefore hypothesized that there could be a significant positive relationship between provider responsiveness and user loyalty. Attitudinal loyalty and behavioural loyalty were measured separately because of how they are influenced and how they are evidenced. Attitudinal loyalty is the demonstration of passive preference for the service provider, while behavioural loyalty includes putting into action the loyalty relationship by recommending the water service to potential customers, being willing to pay bills and preferring to remain using NWSC water services in spite of some shortcomings.

Section G of the questionnaire measured items that contribute or define user loyalty to the NWSC, and there were 23 items that were rated on the five-point Likert scale, which ranged from *strongly agree* to *strongly disagree*. The items from 1 to 5 captured loyal attitudes to the water provider that briefly include: willingness to change provider if there was the opportunity; rating the amicability of relationships with frontline staff, including managers; perception of whether the public utility is actually delivering on its mandate and reform objectives; the extent of collaborative attitudes to the NWSC as demonstrated by willingness to recommend NWSC water services to potential customers; and generally agreeing that the NWSC is a reputable company. Behavioural or action loyalty measures ranged from 6 to 23 and included willingness to pay, which was rated as a key factor for revenue improvement. The other items rated briefly include: possible defection from the NWSC if there was a better competitor; avoiding switching risks by staying with the NWSC supply, in spite of some shortcomings; concurring with and actually supporting the public image of the corporation;

reporting water supply anomalies such as thefts; evidence of recommending the service to friends; finding NWSC policies acceptable; recognising that being loyal to their water provider is beneficial and agreeing to obey demands from the NWSC, for example by prompt payment of bills.

It was further assumed that provider responsiveness, as reflected in improved service and feedback, could contribute to increased water user loyalty to the NWSC. Therefore the third research objective was intended to show the relationship between provider responsiveness and user loyalty. Table 6.4 below shows the results.

**Table 6.4: Correlation between provider responsiveness and user loyalty**

Correlations					
		USERESPO	USELOYAL	USELOYA1	USELOYA2
<b>USERESPO</b>	PC Sig.(2-tailed) N				
<b>USELOYAL</b>	PC Sig.(2-tailed) N	.660** p< 0.01 160			
<b>USELOYA1</b>	PC Sig.(2-tailed) N	.475** .000 174	.776** p< 0.01 182		
<b>USELOYA2</b>	PC Sig.(2-tailed) N	.629** p< 0.01 160	.974** p< 0.01 182	.636** p< 0.01 182	1.000 182

\*\* - Correlation is significant at the 0.01 level (2-tailed)

PC – Pearson Correlation

N - Number of Respondents

Key: Userespo= Provider responsiveness; Useloyal= User loyalty; Useloyal 1= Attitudinal loyalty; Useloyal 2= Action loyalty

**Source:** Own survey, 2004/2005

The Pearson's Correlation test static = 0.629 which is significant at the level for a 2- tailed test (prediction). Table 6.4 shows that the relationship is positively significant at p< 0.01 level (2-tailed). The results generally indicated that, as provider responsiveness increases, user loyalty also increases, which is a positive correlation. A correlation for provider

responsiveness and attitudinal user loyalty (useloyal 1) and action loyalty (useloyal 2) and significance levels was also equally positive at a level of  $p < 0.01$  (2-tailed). A correlation for provider responsiveness and attitudinal user loyalty (useloyal 1) and action loyalty (useloyal 2) showed separately similar positive correlations at a level of  $p < 0.01$  (2-tailed). The results in particular indicated that as provider responsiveness increases, attitudinal user loyalty also increases, which implies that as providers become more responsive to users, users become more loyal to providers. They also become more loyal in terms of expecting such responsiveness from the organisation as the norm. The result suggests that higher scores on responsiveness go with higher scores on loyalty, which also means that as providers become more responsive, their water users become more loyal to the NWSC. The data also show that as responsiveness increases, household water users behave in a significantly more positive way to the provider, as demonstrated by their remaining with the NWSC water supply or being willing to pay bills for a satisfactory water service as predicted. This finding supports the prediction that as a result of the NWSC ensuring responsiveness to voice, its customers will recommend the NWSC to potential customers. This is regardless of its monopoly and frequent service failures. This finding therefore provides further evidence to about whether the NWSC has become more customer oriented or not, as perceived and rated by household water users.

#### ***6.3.5 What is the relationship between user satisfaction and loyalty?***

The initial water service improvements reported in Chapter 5 were assumed to have contributed to user satisfaction and therefore to loyalty. The indicators for measuring user satisfaction to test the hypothesized relationship are the same as those used in Sections 6.3.3 and 6.3.4 to measure user satisfaction. The indicators for attitudinal and behavioural user loyalty were merged in the analysis to measure the variable as one ultimate entity. The fourth

survey objective was to establish the relationship between user satisfaction and loyalty and it was therefore predicted that user satisfaction is significantly and positively related to household water user loyalty. Table 6.5 below shows the results.

**Table: 6.5 Correlation between user satisfaction and loyalty**

Variable	User satisfaction	
<b>User loyalty general</b>	Pearson correlation	-0.537
	Sign (2-tailed	p< 0.01
	N	93

*Source: Own survey, 2004/2005*

The Pearson's Correlation test static = -0.537 which is significant at the level for a two tailed test (prediction). The actual p value is shown to be 0.000. Table 6.5 shows that the relationship is negatively associated at p< 0.01 Level (2 tailed) and therefore the hypothesis is not upheld. This implies the prediction that increased water-user satisfaction would positively influence loyalty does not hold, suggesting that even satisfied water users are not necessarily loyal to the NWSC. The data show a negative correlation between user satisfaction and loyalty to the NWSC which implies that higher household water user satisfaction scores go with lower loyalty scores, which is rather surprising as provider responsiveness was positively correlated above. This means satisfied customers are not loyal to the NWSC, which contradicts the predicted positive relationship. The analysis may not have taken into account the possibility of variations in water service characteristics or attributes that may lead to satisfaction but do not necessarily induce loyalty, given the monopoly situation where choice is limited. This means household water customers within particular geographical locations inevitably devise ways of coping with service failures which they have no hope of escaping. This can be, for example, through water tank storage or even harvesting rainwater. The alternative argument is that irrespective of there being no credible competition, customers



who are satisfied are loyal and supportive of reforms intended to improve water service provision.

This rather surprising relationship between household water user's satisfaction and loyalty may also have originated in the weakness of questions adopted from a competitive environment for use where recommendation by word of mouth, without any credible competitor, makes the choice of exit from the service irrelevant, whether or not there is satisfaction. Loyalty in a monopoly situation is more or less automatic and does not need to be motivated by any level of satisfaction. This implies that the ultimate dependent variable should be customer satisfaction, without undue focus on enhancing loyalty as there is no credible competition to which customers can decide to defect when highly dissatisfied.

However, the potential for customer satisfaction triggers to be transformed into loyalty within a monopoly situation is also lessened, as customers perceive themselves to be held as hostages or captives by the NWSC, irrespective of potential service failures. On the contrary, it seems some degree of user loyalty in a water monopoly is necessary to establish some degree of caring attitude, even if it is not directly motivated by household water user satisfaction. This last consideration needs some care, as some water users resort to other water sources and other measures, including stealing water through illegal connections, tampering with bills, vandalising water meters and frustrating the timely collection of payments. The perception that loyalty is taken for granted where there is no viable competition to give enough motivation to providers to be responsive to user voice may need further investigation. The motivation to focus on customer loyalty in the public sector as source of revenue could be promoted through the application of performance-based pay, internal competition, rewards and sanctions, and external contractual relations that could put organisations under pressure to

perform.

The emerging general explanation from the results indicates that user satisfaction is not necessarily positively associated with user loyalty, partly because the NWSC is a statutory monopoly with no viable competitor against which better outcomes can be evaluated. The literature suggests that a household with an alternative source of water will have a lower willingness to pay for services, regardless of the level of customer satisfaction, as loyalty to one provider cannot be guaranteed. This implies that the switching costs are not considered by well-to-do water users; but in the Ugandan context, where there is one public provider in major towns, this may not be applicable. The initial pilot surveys (WU-04) suggested that households use alternative sources of water supply for various reasons, among them low cost, the NWSC's past poor record of performance, and being far from water mains supply, and these features are expected to lead to low satisfaction and loyalty ratings. On the other hand, households may have the capacity to pay for services, but they may perceive utility water to be expensive in the short run because of associated connection costs, regular pressure to pay and waiting times for service queries to be resolved. Another reason could be that households consider an alternative water supply easier and more convenient to access.

In the case of disconnection or failures in water supply, resorting to alternatives such as harvesting rain water or buying from vendors is common. One of the NWSC staff interviewed noted that the way water users view the need for water alternatives affects the viability of the NWSC as a water provider. For this reason, management is pressurised and therefore tries to do its best to keep users satisfied, so as to reduce reasons for looking for alternative whose health and environmental outcomes may not be guaranteed. This tends to undermine the statutory mandate for effective and efficient water sector management that has, in the first

instance, been one of the main drivers of reform.

### ***6.3.6 Regression analysis of user voice, provider responsiveness and user loyalty***

As an alternative explanation for user satisfaction and loyalty tension in the NWSC, a linear regression analysis was done. This involved simultaneously entering and doing a regression analysis of the three variables of provider responsiveness and user satisfaction in relation to user loyalty as a dependant variable. The details of the regression model are as shown in Appendix 8. When controlling for user satisfaction or user loyalty, the data indicated each relationship was highly significant and positively correlated, as shown in table 6.6 below.

**Table 6.6 Multiple Regression Results for voice, responsiveness and loyalty**

		User satisfaction	Provider responsiveness	User loyalty
User satisfaction	Pearson Correlation	1	<b>.655**</b>	<b>.638**</b>
	Sig. (2-tailed)		.000	.000
	N	125	113	115
Provider responsiveness	Pearson Correlation	<b>.655**</b>	1	<b>.660**</b>
	Sig. (2-tailed)	.000		.000
	N	113	176	160
User loyalty	Pearson Correlation	<b>.638**</b>	<b>.660**</b>	1
	Sig. (2-tailed)	.000	.000	
	N	115	160	182

**Source:** Own survey, 2004/2005 and SPSS 17.0 data analysis output 2010

These highly significant correlations are surprising, as they are central to those identified in Section 6.3.5 above that suggested a negative correlation between user satisfaction and loyalty. This suggests that there are other significant variables, like responsiveness, that reinforce loyalty behaviours and attitudes other than user satisfaction alone. Therefore it is implied that the user satisfaction level is not a significant factor on its own in influencing user loyalty to the NWSC, without controlling for provider responsiveness that more directly

influences both user satisfaction and therefore user loyalty simultaneously. This further implies that ensuring responsiveness to voice is an important strategy that strongly influences other service outcomes.

Also, the loyalty dilemma may be resolved by acknowledging the complex nature of public sectors where government and other dominant stakeholders' reputation is at stake. This implies less credibility for critical incident or individual accumulated satisfaction levels impacting on overall loyalty. The literature that deals with reducing these tensions has identified several brands of user loyalty that are influenced directly by multiple factors. In such a case, you can find that *some* weak organisations invest in public relations and information spinning, in order to be rated higher performers, when in they are actually poor performers who do not deserve either passive or active loyalty. The NWSC reforms have not escaped this accusation, though with reservations about being overcritical about the success of reforms in developing countries like Uganda (Personal communication by a lecturer at the Ugandan Management Institute-2010).

## **6.4 Discussion of the results in relation to the hypothesis and the survey question**

### ***6.4.1 Introduction***

The main purpose of this section is to show how the results of the survey have substantially provided insights into how customer service reforms are operating, as perceived and rated by household water supply users in Kampala in particular. This understanding was to help to establish the extent to which the NWSC is rated from the user perspective as being customer focused, with changed outcomes as a result of reforms. This section, therefore, summarises the results according to the hypothesised relationships between the key variables, and consequently uses the evidence adduced to respond to the question whether NWSC household water users are more satisfied and loyal as a result of responsiveness to voice reforms.

### ***6.4.2 The relationship between user voice and provider responsiveness***

The exploration of this particular relationship was motivated by literature that argued that managers in urban water service had in the past ignored the strengthening of the user and provider interface which had contributed to poor performance in public utilities (World Bank, 2004; Goetz & Jenkins, 2005). It was consequently considered important to find out whether reforms had improved the responsiveness-to-voice relationship that is now widely considered one of the best indicators of customer- or citizen-focused service delivery. The first proposition of the survey was therefore that:

**There are significant positive relationships between user voice and provider responsiveness.**

The predicted relationship that is a key position of this study is that increased household water-user involvement can positively and significantly impact on water-provider responsiveness to users of urban water supply, as a result of reforms. However, a related rival explanation is that, by water providers proving to be responsive, water users would be motivated to continue voicing their concerns as the need arose to create a synergetic and collaborative relationship that shaped service needs assessment, design and actual delivery. This valuable relationship is better understood in the context of what actually motivates providers and users to be involved in a social exchange with clear performance incentives, focused service obligations and general respect for public values, and for the relationship to be sustainable. Similarly, as reported by one of the customer care managers (CRM-09) this relationship in the NWSC is basically included in staff training programmes, where it is emphasised that the users need to be empowered with relevant information in order to respond to an informed premise, while water providers are obliged to listen to and act on customer concerns as their first priority, a priority on which ultimately their professional development is determined.

The findings reported in detail in the previous section show a strong correlation at a significant level that supports the proposition that, as scores for voice increase, they do so at a rate that corresponds with those of provider responsiveness. This implies that when responsiveness to user preferences is enhanced, water users are likely to have the confidence that it is worthwhile to use various communication channels to express their views in order gain maximum responsiveness that not only involves feedback but improved water service delivery. This finding further supports Hirschman's theory of exit, voice and loyalty of 1970

where voice in a monopoly situation is a possible strategy used by customers to pressurise providers to be responsive in ensuring service recovery and continuous improvement. It is important to note that continued voice on the same concerns may not trigger satisfactory responsiveness to the same customers if the problems are unpredictable, and therefore uncontrollable, such as recurrent pipe bursts or water shortages in the distribution network. Given that the relationship between voice and responsiveness is strong, this provides reliable and valid evidence that specific customer service programmes have significantly contributed to the application of responsiveness to voice mechanisms and water service delivery improvement in Kampala. The findings in Chapter 4 Section 4, based on other data sources, also corroborate the finding under discussion, as they established that channels and actual expression of voice innovations were mostly encouraged by the NWSC management and civil society as a strategy for enhancing responsiveness to users of water supply in Kampala.

Further, the contextual explanation of responsiveness to voice is important, as this does not operate in a vacuum but in an institutional and organisational context with a clear mandate for public service delivery. The NWSC was established in 1972 with a mandate to provide urban water to all citizens at an affordable price, based on both commercial and equity concerns that appear contradictory and a serious constraint to sustainable revenue generation. However, the corporation fell short in meeting its mandate because of the problems elaborated in detail in Chapter 4. In brief, the water problems were mainly caused by water providers being unresponsive to customer water service needs, and this limited their capacity to collect revenue from existing and potential customers (Muhairwe, 2009). In this situation, the support of key stakeholders such as donors and governments in the form of subsidies for network expansion inevitably became constrained, unjustified and unsustainable because of poor management and difficult economic times. The popular alternative of privatizing, by the time

the reforms were initiated, had failed to attract management efficiency and investment in the NWSC from 1997 to 2002 (Mugisha, 2004). The only less tested but viable option advocated by management for the NWSC was to adopt largely the locally initiated short-term programmes discussed in detail in Chapter 4 as a strategy for improving water service to the increasing urban population. The reforms largely reflected home-grown solutions that promoted customer orientation as a main strategy for driving other NPM reforms aimed at improving water supply performance. This brief summary puts into context the resulting efforts to enhance responsiveness to voice through effective complaint management that has contributed to NWSC staff being more responsive to water customers, a situation that was hardly evident before reforms (Schwartz, 2008).

Further, the strong responsiveness finding is in line with the World Bank Framework proposition of 2004 that, given failed or less effective long-route accountability, the strengthening of the short-route (which constitutes the main focus of this study) promises to have a higher impact on public water-service delivery improvement, especially in low income countries. The above findings also support the theoretical assumption that when water users are given the opportunity to freely voice their concerns, the likelihood is that the corresponding provider willingness or enforced obligation to listen, respond and act on user views will impact positively on water service delivery (World Bank, 2003).

The related research (Mwoga, 2002; Kayaga, 2002; Mugabi, 2007; Schwartz, 2008), ) on service improvement in the NWSC is supportive of this finding, with the emerging theme that listening to individual customer concerns/ preferences and integrating them into decision-making and actual service improvement is the way forward in the NWSC. In the case of studies by Mugabi (2007) and Kayaga et al (2008), it was established that customer-oriented



programmes in the NWSC have the potential to improve water service delivery by motivating both users and providers to establish synergetic rather than conflicting relationships. The studies further suggested that reducing the gap between user and provider expectations and actual service delivery provides a better strategy for managing urban supply. This finding highlights the pre-reform reality that urban water utilities were led by professional engineers and bureaucrats who were unresponsive to customer preferences, and this was an important cause of poor water supply performance that had to be addressed through demand-driven reforms (Rakodi, 2002). At a much broader level, the findings have provided insights into the relevance of improving the customer-provider interface as a critical factor in measuring the extent of customer focus and responsiveness in urban water supply. This approach was motivated by water users being active rather than passive users in responding to reforms in the NWSC, and that is a positive sign of user empowerment. Similarly, the reform programmes were well marketed to NWSC provider staff to influence their behaviour in relying on their customers for service improvement. This organisational cultural change was ardently evangelised by a reformist MD who vehemently argued that it was the main reason for the corporations' existence and the main justification for continued staff employment (Berg & Mugisha, 2006).

Other explanatory factors established in Chapter 5, which are linked to variables of responsiveness, are the managerial incentives through which performance contracts at individual and organisational level have linked pay incentives to how staff effectively manage customer relations, among other performance measures. These findings highlight that these incentives are working in the NWSC to support responsiveness to household water user voice. A further related factor explaining this accomplishment in CRM is related to the attention given to corporate social responsibility, which has helped to deflect political resistance

towards the ongoing reforms aimed at strengthening the commercialisation of NWSC operations.

It is further widely recognised that developing capacity for responsiveness to voice in public service delivery is quite challenging, especially in low-income countries (Nickson & Franceys, 2003; Batley & Larbi, 2004; World Bank, 2003; Commins, 2007). There is potential resistance from bureaucrats, political sabotage and lack of effective regulation. These are combined with general resource and skill shortfalls that the NWSC water supply is still grappling to come to terms with. The findings in Chapters 4 and 5 provide further evidence of the challenges that water utility managers in the NWSC have faced in ensuring responsiveness to water users; yet this remains a sound strategy for reducing inefficient operations and poor financial outcomes. The result under discussion is a positive contribution to the ongoing policy debate in respect of whether responsiveness to voice by urban water managers is likely to lead to positive outcomes on water service delivery. The results generally support the argument that a good balance between supply- and demand-led management, with reduced bureaucratic inertia and control, is likely to contribute to improved responsiveness in urban water supply.

#### ***6.4.3 The relationship between provider responsiveness and user satisfaction***

The investigation of the above variables was due to the argument that managers in urban public water services had in the past neglected to focus on being responsive to users, thus affecting the satisfaction of the latter, hence the outcry for reforms (World Bank, 2003; Jaiswal & Niraj, 2007; Lam et al, 2004). The second proposition of the survey therefore states that:

*There are significant positive relationships between provider responsiveness and user satisfaction.*

The theoretical assumption behind the hypothesis is that increased intensity of provider responsiveness is significantly associated with increased household water user satisfaction. The results show that, as responsiveness scores increase, satisfaction scores increase correspondingly, which means that more user satisfaction is experienced and expressed with increased water provider responsiveness. This relationship in itself provides a sound basis on which to discuss the changes in water supply in the NWSC context that were briefly elaborated above.

The argument that services should be targeted to benefit users can be sustained if the reforms actually put customers' interests first among other competing operational and other key stakeholder priorities. In line with the foregoing position, the finding reported under Section 6.3 suggests that the fact that satisfied household water customers in the NWSC perceive the water providers to be responsive to their demands is in itself an appropriate institutional service outcome that has been targeted in utility reforms. Similarly, responsiveness in itself has the potential to trigger user satisfaction as a result of good customer handling and improved service delivery. In this case, total responsiveness is conceptualised beyond voice feedback on critical incidents to include actual service improvements and redress for complaints. However, it is important also to recognise that responsiveness intensity may be higher on cost-effective service attributes, while uncontrollable attributes that could lead to dissatisfaction may not be attended to, due to resource constraints or lack of capacity (Batley& Larbi, 2004).

The user survey has overwhelmingly supported the suggestion that applying customer preferences in service management is likely to reduce bureaucratic inertia and constraints resulting from supply-led management and produce more customer responsiveness in water supply. This enhances the possibility of generalising, based on further research in different sectors to see whether enhancement of user voice and provider responsiveness could be a valuable reform strategy in improving water supply. If private organisations have applied the same strategy to recognised challenges, then the possibility of applying the same principles in the public sector, as demonstrated by this case, provides good insights into the ongoing NPM reform debates and particularly in relation to developing countries such as Uganda. The explanatory factors for the relative success in Uganda are appropriate contextual analysis, and well initiated and designed programmes, and leadership committed to reforms backed by the necessary stakeholder support, among other factors, identified in the previous results chapters. The emerging arguments from these findings are supported by the literature that argues that provider responsiveness to voice is likely to trigger actual improvement in water service delivery, on the basis of which users will derive greater satisfaction (Goetz & Jenkins, 2006; World Bank, 2003, Kayaga, 2002; Schwarz, 2008; Kotler & Armstrong, 2010). Within the context of the NWSC, as observed by the researcher, the escalation of user complaints, due to higher service expectations, against continuing but more controlled water service breakdowns is likely to overshadow some basic water service outcomes like better access and assured quality. Similarly, the challenge to be responsive to all customers all the time, including attending to other key stakeholders, is a daunting task that has resource implications for a struggling organisation that pursues both commercial and social values without guaranteed extra funding from government or donors (Muhairwe, 2009). A more sound relationship from a public service perspective needs to focus on provider responsiveness and user satisfaction that is inclusive of the poor, and this could possibly occur where funding for water service

expansion is guaranteed by government and donors under appropriate regulatory measures (Needham, 2007). This approach could incorporate obligations for water providers to be responsive not only to existing customers voice but also to anticipate the voice of potential customers who are in most cases the poor (Mugisha, 2006).

In brief, the interpretation of this finding is likely to be connected to the previous finding that user voice is effectively linked to responsiveness and that it can trigger water service improvements that are likely to contribute to improved satisfaction. On the whole, a significant relationship between provider responsiveness and user satisfaction demonstrates its being critical in the particular case of NWSC as a measure indicating the strength of how customer service culture has permeated staff and organisational structures, bringing a user perspective to an urban public water utility in Kampala in Uganda.

#### ***6.4.4 The relationship between provider responsiveness and user loyalty***

After establishing the strong relationships between voice and responsiveness and also user satisfaction, in order to further establish a possible model of causal relationships it was found necessary also to find out whether provider responsiveness is related to user loyalty, and this is done below. The correlation tests on the relationship between user satisfaction and service quality which could have strengthened the causal link were dropped, as they indicated that as service improves, user satisfaction decreases, which was an expected result. The explanation for this response was perhaps the quality of the questions, which were structured from the perspective of the providers and were not adequately understood by the lay water user, or that they took service quality for granted as they were interested in minimum access dimensions as a first priority. However, most service attributes were measured under the responsiveness

variable which depicted positive results which are appropriate and relevant to the key variables in the research question.

The study of whether provider responsiveness is related to user loyalty was influenced by the thinking that managers in urban public water services had in the past ignored this relationship, which had reduced service user satisfaction and therefore ignored customer loyalty, which contributed to negative feelings about paying for inadequate water services (Kayaga et al, 2008; Mugabi, 2007). Therefore the third proposition of the survey states that:

***There are significant positive relationships between provider responsiveness and user loyalty.***

The assumption behind the hypothesis was that increased intensity of provider responsiveness to household water users is likely to enhance their attitudinal and behavioural loyalty. The findings reported above show that, as the scores of responsiveness increase, those of attitudinal and behavioural loyalty also correspondingly increase. This is not surprising, because responsiveness in the broad service that induces feedback and actual service improvements is likely to affect service users' expression of loyalty to the provider irrespective of limited competition. Experience shows that even in the competitive private sector, highly successful companies end up being monopolistic in the sense that they capture the market or customers by virtue of their experience, performance superiority and excellence in caring for customers. In a monopoly situation, a dissatisfied and disloyal customer base is not a desirable feature as customer co-operation is a key to organisational revenues streams for sustaining service delivery.

The relationship between responsiveness and loyalty has rarely been addressed in the public service literature and the focus on this relationship is therefore important in understanding

reforms. The analysis of provider responsiveness and user loyalty was divided into relationships with attitudinal loyalty and those with behavioural loyalty, and both were associated positively with increased provider responsiveness. The implication is that the customer orientation reforms in the NWSC are associated with service responsiveness that has influenced user satisfaction and therefore loyalty. The predicted causal chain from the business literature (Drucker, 2004; Naver & Slater, 1994) mostly, with some exceptions, suggests that there is a significant direct relationship between provider responsiveness and user loyalty. Further, the psychological and social effects of handling customers in a humane way is likely to trigger intimacy with the provider in its own right, as a part of social exchange that is beneficial to both parties as it enhances commitment and trust. Overall, the results suggest that as providers become more responsive to service –users, the potential for the latter being loyal to the former increases, and that is a good service outcome in itself and a potential measure of the extent of customer orientation.

#### ***6.4.5 The relationship between user satisfaction and loyalty in urban water supply***

The analysis of the user satisfaction and loyalty relationship was due to the popular argument that public managers in urban water services have not adequately understood the significance of this relationship (Spiteri & Dion, 2004). This is especially so where there is prevalent service user dissatisfaction that has interfered with the urge for service users to be loyal to the provider, with costly implications (Kayaga et al, 2008; Mugisha, 2006; Muhairwe, 2009.) There is a strong consensus in the business literature that user satisfaction and loyalty are strongly associated and this makes the difference in attracting and retaining a profitable customer base. However, there is general scepticism about this relationship being valuable in the public sector where the long-term sustainability of most monopolistic services is the overriding goal, rather than profit alone and individual satisfaction (Fox, 2001; Aberbach &

Christensen 2005; Needham, 2007). Therefore, on the balance of probabilities, this relationship could go either way in urban public water supply where competition and customer freedom to choose and exit are encumbered by public service characteristics and organisational settings that tend towards monopoly. Therefore, the fourth proposition of the survey states that;

***There is a significant positive relationship between user satisfaction and loyalty.***

The findings show that there is a negative correlation between the scores of satisfaction and loyalty. This means a contradictory finding where, as the satisfaction scores increase, the loyalty scores decrease. The explanation for this may lie in data analysis, or in the inevitability of some service breakdowns that have to be put up with where there no credible alternatives.

There are studies that support these findings, such as Hirschman's theory that loyalty in a monopoly situation is not relevant, as service users are held captive, but have the alternative of voicing their concerns with the hope of triggering responsiveness. However, this line of argument runs counter to earlier research findings in Uganda which established that customer satisfaction was positively associated with loyalty, although among small water providers in small towns excluding Kampala (Kayaga, 2002; Mugabi, 2007).

The other explanation could be the spread of satisfaction and dissatisfaction measures or attributes of service quality in the questionnaire to include responsiveness, which could have been lopsided where dissatisfaction was concerned, thus signalling a lack of necessity for loyalty related to dissatisfaction bias. Critical issues such as waiting times to get responses on complaints and time from payment to actual access to service, coupled with past memories of poor performance, can also compromise the loyalty perceptions of service users. Also, given



that the study collected data from various areas that are spread around Kampala, the water situation in each area was varied and not controlled for in the data collection and analysis. This anomaly can be clarified through follow-up research which at this moment is out of the scope of this study, as the relationships that are relevant to the main survey question have been captured. Exceptions like the foregoing have been adequately, although not conclusively, acknowledged and clarified as an opening for further research.

#### ***6.4.6 Section summary***

This section has discussed the findings of the research with the aim of providing a deeper understanding of the results and relating them to the existing literature, empirical evidence and policy debates. The results have provided sufficient evidence to answer the third research question set out for this study. The discussion of survey results has contributed in a modest way and extended the debate on ideas about whether responsiveness to user voice influences user satisfaction and loyalty as key indicators of the effectiveness of customer service reforms in an urban water supply setting in the context of a developing country such as Uganda.

### **6.5 Chapter conclusion**

According to the literature, a customer-oriented organisation needs to exhibit strong evidence of being responsive to user voice as a strategy for implementing demand oriented service to supplement the existing supply-led reforms for better service outcomes like user satisfaction and loyalty. The case of the NWSC, as evidenced by the findings above, has demonstrated that customer orientation reforms have contributed to establishing complaint mechanisms, among other voice channels, and correspondingly enhanced feedback mechanisms that have positively impacted on the user-provider relationship as a result of continuing customer

service reforms.

As a result of reforms and an enhanced responsiveness to user voice, the water service has improved from the user perspective in some aspects, representing an overall relative improvement but with some acknowledged shortcomings that still need to be addressed. The short term improvements have enhanced household water satisfaction and provider responsiveness has contributed to household water user loyalty. However, the relationship between user satisfaction and loyalty in the monopoly situation of the NWSC remains a potential area for further research. The possible explanations for the result offered in this chapter are not conclusive and are therefore a potential area of further research.

Regardless of the surprising finding on the relationship between user satisfaction and loyalty, the overall message established by the study is that the NWSC has applied customer orientation reforms in improving service outcomes to water users, despite some acknowledged shortcomings. As a whole the contribution of this chapter to the overall research question is that, within the public sector context, the reforms have contributed to a strong case for customer orientation as a management reform strategy for urban water service improvement from the user perspective. The survey findings are reasonably in line with Hirschman's exit, voice and loyalty theory that was adapted to guide the analytical framework of this study in Chapter 3 and with similar propositions (World Bank, 2003; Rakodi, 2000; 2002).

## **CHAPTER SEVEN**

### **SUMMARY AND CONCLUSIONS**

#### **7.1 Introduction**

The study set out to assess the extent to which customer orientation reforms have been applied to urban water supply management in the NWSC and to provide an explanation for the changes observed in customer and provider behaviours and attitudes. The main observation from the study is that well-designed and implemented customer orientation policy, together with other related NPM interventions in public urban water supply in Uganda, have significantly contributed to better water service outcomes under constraining circumstances. This chapter first provides a brief context and objectives for the research problem. It then provides a summary and discussion of the main research findings as answers to the overall research question. Finally, it notes the limitations of the study and implications for further research.

#### **7.2 Brief context and research problem**

Chapter 1 introduced the research problem and the significance of the study in relation to the existing research about actual water problems in low-income countries. The challenge of improving urban water supply based on contextual considerations, best practices and more customer sensitive approaches was proposed as a possible strategy for change in developing countries. Chapter 2 reviewed the literature on customer responsiveness and user-orientated reforms in the public sector with implications for the urban public water sector. Recent research has demonstrated that productivity and efficiency improvements in NWSC water supply are largely attributable to ongoing reforms that demonstrate a shift from supply to key

stakeholder-demand responsiveness (Sepalla et al, 2004; Kayaga et al, 2008; Schwartz, 2006; Mugisha, 2006; Muhairwe, 2009). However, there is little understanding of whether the customer orientation reforms have contributed to water service improvement and in particular whether they have enhanced responsiveness to water user demands. Yet, beyond business customer orientation for just maximising profits, there is now emphasis in the public sector of a more holistic rather than frontline-based responsiveness to customer demands. There is more demand for more inclusive decision making that influences actual water service delivery that is defined in this study as customer responsiveness. It is anticipated that pro-actively valuing both collective and individual customer expectations and responses based on service experiences could enhance willingness to pay. This could also correspondingly lead to co-production and collaboration that promises enhanced service efficiency, expansion, reliability, cost effectiveness and sustainability (see Anttila & Koivu, 2000 cited in Sepalla, et al, 2004; Gadot-Vigoda & Cohen, 2004). This implies that customers who are given greater responsibility in decision-making are both in theory and practice key stakeholders in water service improvement as has been attempted in developing countries such as USA and UK (see Iwanami & Nickson, 2008). This also means the water utility managers and policy makers pursuing water service improvement need to value enhancement of responsiveness to user voice by relating it to how it actually influence user satisfaction and loyalty with implications for willingness to pay. This could improve their better understanding of water user behaviour as a strategy for service improvement in areas which exhibit weaknesses.

It is often assumed that there is a lack of supportive reform context, local managerial capacity, adequate resources and an enabling regulatory framework to ensure adequate reform uptake, especially in low-income countries such as Uganda (Schick, 1998; Nickson, 2008). The NWSC was selected because it is regarded as having suffered from such constraints and

successfully turned them into an opportunity for positive change by using internal reforms to improve urban water supply (Schwartz, 2006, Mugisha & Berg, 2008; [www.nwsc.co.ug](http://www.nwsc.co.ug)).

The research problem was therefore to find out what in particular was done to construct and implement a customer orientation policy and other NPM interventions in the NWSC, thereby contributing to changes in water supply. The use of different approaches helped to holistically analyse the application of customer orientation in NWSC from different perspectives and levels of the policy process. The methodology involved a household-water-user survey, interviews, documentary analysis, direct observations as a water customer and researcher, and attendance at water forums and interactions with government officials in the water sector.

### **7.3 Summary of findings**

A multi-stage analytical framework based on the research questions was developed in Chapter 3, and a multi-method research design was adopted to tease out the different perspectives that would contribute to answering the main research question below:

**Has the NWSC become more customer oriented as a result of reforms? If so, what are the consequences for user satisfaction and loyalty?**

The summary of key results and conclusions is structured to demonstrate the extent to which the main research question has been answered by the evidence under the sub-questions below.

#### ***Q.1 How was a customer-oriented policy constructed and implemented in the NWSC?***

The analysis in Chapter 4 has principally described how customer orientation reforms in the NWSC were constructed and implemented. The key evidence for this observation is as follows. First, after abandoning the privatisation alternative, the key stakeholders were

widely involved in a situational analysis (SWOT) in order to gain a consensus on water related problems and how they could be overcome through internal reforms. Secondly, the management emphasised incremental reforms guided by team-working, reducing resistance to change, SMART objectives, open communication channels, benchmarking, continuous improvement and an emphasis on a strong customer focus in all operations. Thirdly, the monitoring and evaluation of water service changes was emphasised as a strategy for continuous organisational learning and experimentation to find out what actually worked. Fourthly, the legal framework to enable and regulate reforms was put in place through changing the laws, and government performance contracts were introduced to enhance management autonomy that facilitated timely decisions and also regulated the sector. Fifthly, the NWSC management undertook measures to reduce constraints of indebtedness, corruption and unaccounted-for water use, implemented changes to make water connections more affordable, and embarked on the expansion of water areas within their limited resources.

The wide stakeholder involvement helped to establish a supportive reform context. The government and donors, plus enforcement of a customer obligation to pay water bills, improved the financial position of the corporation. The empowerment of local managerial capacity to manage reforms created a high sense of reform ownership and therefore sustainability. An enabling regulatory framework, although not independent, was put in place to ensure adequate reform uptake. These findings agree with the literature that suggested that there is need for situational analysis, stakeholder involvement, a legal framework, pro-reform leadership, and resource mobilization, among other factors, to facilitate reform design and implementation (Berg, 2005; Nwankwo & Richardson, 1995; World Bank, 2003; Hupe & Hill, 2010; Brinkerhoff & Crosby, 2002; Hague & Harrop, 2010). Overall the case of the NWSC provides some useful insights into how customer orientation policies can be designed and

implemented to overcome some of the widely assumed constraints to reforms exemplified in urban water supply in the Ugandan context.

***Q.2 How has the customer orientation policy performed in the NWSC and why?***

The analysis in Chapter 5 established that as a result of customer orientation reforms, together with other NPM interventions, there have been some service improvements in urban water supply in Kampala, Uganda. The main customer-oriented reforms were as follows. First recognising that water customers should come first in strategic decision-making, by putting in place mechanisms through which they may express their opinions, and by giving them feedback. Secondly, other related NPM reforms such as decentralisation, and performance and contract management were inspired by the company goal that the customer is the reason for the corporation's existence, the object on which all performance objectives and targets should focus. Thirdly, on top of focusing on well-off customers, pro-poor water demands were taken into account to give a public value to the reforms. The reform objectives, which included increasing customer satisfaction by expanding the water service, making the supply reliable, providing good quality, providing enough, and making water affordable were to a reasonable extent met, but within some resource and capacity constraints.

Among the key reform outcomes that are described in detail in Chapter 5 are the following. First there was expansion of water services to some previously underserved areas in Kampala, including informal settlements. Secondly there was improved stakeholder support for reforms, as shown by increased revenues from customers, enhanced corporate reputation, more awareness about the value of water reforms and customer responsiveness to voice and therefore improved water user satisfaction. These findings are supported by the literature that

argues for a multi-stakeholder or integrated analysis of reform performance (Berg, 2005; McDonnell, 2010).

However, due to increased urban population, the level of unmet water demand is still on the increase. There is also inadequate funding of water supply, the reforms are highly dependent on the MD, without being adequately institutionalized, and also the fear that the reform performance might have been exaggerated by public relations and the reality on the ground might be different when subjected to further critical analysis. In spite of these constraints, overall the reform potential for service improvement has been evidenced as analysed in chapter 5 of this thesis.

***Q.3. Are NWSC household water users satisfied and loyal as a result of responsiveness to voice reforms?***

The strategy for answering the above question, as reported in Chapter 6, was through a household water user survey that produced data to analyse the relationships between established levels of water user voice, water provider responsiveness, user satisfaction and loyalty. The key results are summarised next.

First it was hypothesised that there is a significant positive association between water user voice and provider responsiveness. The analysis, which is summarised in Table 6.2 in Chapter 6, suggested that higher scores on water user voice go with higher scores on provider responsiveness. This implied that there is a significant positive association between water user voice and provider responsiveness, and therefore the hypothesis introduced above was upheld. The results further suggested that as user voice increases, provider responsiveness increases. This implies that water users who exert more voice pressure through complaints to water



providers are likely to have their views incorporated into the design and delivery of better water services within the resource constraints.

The second research objective was to find out whether there is a significant positive relationship between provider responsiveness and user satisfaction. Accordingly, the summary in Table 6.3 in Chapter 6 shows that the relationship is significant at  $p < 0.01$  level (2-tailed), that is a positive correlation. Therefore the data indicated a significant positive correlation between provider responsiveness and user satisfaction as predicted. The analysis suggested that higher scores on provider responsiveness go with higher scores on water user satisfaction. This finding further suggested that household water users whose concerns are responded to are likely to be satisfied. This finding is suggestive of perceived benefits to water users that are linked to customer- oriented reforms, among other reforms that have been elaborated in Chapter 4.

The third research objective was intended to show the relationship between provider responsiveness and user loyalty. In Chapter 6, Table 6.4 indicated that the relationship is positively significant at  $p < 0.01$  level (2-tailed). The results indicated that, as provider responsiveness increases, user loyalty also increases, which is a positive correlation. A correlation for provider responsiveness and attitudinal user loyalty (useloyal 1) and (useloyal 2) and significance levels were also equally positive at a level of  $p < 0.01$  (2-tailed). A correlation for provider responsiveness and attitudinal user loyalty (useloyal 1) and action loyalty (useloyal 2) showed separately similar positive correlations at a level of  $p < 0.01$  (2-tailed). The results in particular indicated that as provider responsiveness increases, attitudinal user loyalty also increases, which implies that as providers become more responsive to users, the latter also become more loyal in terms of attitudes to the organisation as a normal

expectation. The result suggested that higher scores on responsiveness go with higher scores on loyalty, which also means that as providers become more responsive, water users become more loyal to the NWSC. The data also indicated that, as responsiveness increases, household water users behave in a significantly more positive way to the provider, as demonstrated by remaining with the NWSC water supply or being willing to pay bills for a satisfactory water service as predicted. This finding supported the prediction that as a result of the provider ensuring responsiveness to voice, the customer would be prepared to recommend the NWSC to potential customers. This is regardless of its monopoly and frequent service failures. This finding therefore provided further evidence to about whether the NWSC has become more customer oriented or not, as perceived and rated by household water users.

The fourth survey objective was to establish the relationship between user satisfaction and loyalty and it was therefore predicted that user satisfaction is significantly and positively related to household water user loyalty. Table 6.5 in Chapter 6 suggested that the relationship is negatively associated at  $p < 0.01$  Level (2 tailed) and therefore the hypothesis is not upheld. This implies that the prediction that increased water user satisfaction would positively influence loyalty does not hold, and that even satisfied water users are not necessarily loyal to the NWSC. The data indicated a negative correlation between user satisfaction and loyalty to the NWSC, implying that higher household water user satisfaction scores go with lower loyalty scores, which is rather surprising as provider responsiveness was positively correlated above. This means satisfied customers are not necessarily loyal to the NWSC, which contradicts the predicted positive relationship. The analysis may not have taken into account the possibility of variations in water service characteristics or attributes that may lead to satisfaction but do not necessarily induce loyalty, given a monopoly situation where choice is limited.

As an alternative explanation for user satisfaction and loyalty tension in the NWSC a linear regression analysis was done. When controlling for either user satisfaction or user loyalty, the data indicated each relationship was highly significant and positively correlated, as shown in Table 6.6 in Chapter 6. These highly significant correlations were surprising as they are contrary to the results summarised in the paragraph above that suggested a negative correlation between user satisfaction and loyalty. This finding therefore suggests that there are other variables, like responsiveness, that reinforce loyalty behaviours and attitudes other than user satisfaction alone.

Overall, as reported in Chapter 6, a survey of household connected water users mainly in the Kampala area established that water users as of 2004 were significantly satisfied and loyal, as a result of responsiveness to voice reforms. The key results were positive and indicate that in the case of the NWSC customer-oriented reforms have significantly contributed to establishing complaint mechanisms, among other voice channels, and correspondingly enhanced feedback mechanisms that have positively impacted on the user-provider relationship as a result of continuing customer service reforms.

Because of customer oriented reforms that have enhanced responsiveness to user voice, the water service has improved from the user perspective but with some acknowledged shortcomings that still need to be addressed. The short term improvements have improved household user water satisfaction, and provider responsiveness has contributed to household water user loyalty. However, the relationship between user satisfaction and loyalty in a monopoly situation like that of the NWSC remains unclear perhaps due to influence of other factors such as provider/user background characteristics that are a potential area for further research.

Regardless of the surprising finding on the relationship between user satisfaction and loyalty, the overall message established by the survey study is that the NWSC has applied customer-oriented reforms in improving service outcomes to water users, despite some acknowledged shortcomings. As a whole, the contribution of Chapter 6 to answering the overall research question is the finding that customer orientation as a management reform strategy has resulted in urban water service improvement from the user perspective.

#### **7.4 Overall study finding and contributions of the study**

The analyses in chapters 4, 5 and 6, as per the general hypothesis in Chapter 3 section 3.2 analysed through multiple perspectives, suggest that in the case of NWSC, well-designed and implemented customer-oriented policy reforms, together with enhanced provider responsiveness to user voice, have positively influenced water service outcomes, thereby contributing to user satisfaction and loyalty. The study has contributed to understanding how customer-oriented reforms can be adopted and adapted to work in an urban public water utility in the context of a developing country such as Uganda. Stakeholder' analysis to establish the degree of involvement in the reforms has also been established as an important explanatory factor for water service outcomes. The method of research based on simultaneous use of qualitative and quantitative methods in collecting and analysing data in the study suggests how such an approach can be pragmatic and holistic. As opposed to the narrow approach of analysis that sometimes leads to outright condemnation of customer service reforms in public sector, this approach was found to be innovative in providing comprehensive perspectives of understanding how customer service policy can be applied and also be beneficial in public urban water supply.

The in-depth analysis of the communication mechanisms that strengthen provider responsiveness to user voice revealed the likely effects of these on water-user satisfaction and loyalty. The study suggests that pro-active consideration of water-user demands by providers is very relevant in triggering more stakeholder-responsive decision-making by the NWSC (see also Rakodi, 2000; 2002; World Bank, 2003; Chambers, 2003; Muhairwe, 2009; Berg, 2005; Drucker et al, 2008; Kotler, 2010). The study has also provided strong evidence that empowered customers can play an effective role in supporting better performance by public utilities (see also Ohemeng, 2010, Franceys & Galerch, 2010). For this reason, the extent of customer orientation is suggested as an important indicator of a public urban water utility's organizational performance. The focus on customers in urban water provision has likely spill-over effects on strengthening the contribution of other NPM components in improving services, especially where resource constraints are addressed through revenue generation from water users instead of depending on unreliable subsidies.

Another key implication of this study is that water utility managers, funders and policy-makers, as key stakeholders, need to value enhanced provider responsiveness to user voice (see also Kayaga, 2001; Seppala et al; 2004). This can improve the understanding of water-user behaviour that could possibly influence willingness to pay for water as a strategy for overall service improvement (see also, Mugabi, 2007; Schwartz, 2008).

## **7.5 Implications for further research**

Future studies based on specific country and urban water service contexts would focus more sharply on what is likely to inform key priorities for reforms as compared to the existing literature that tends to view public sector reform opportunities and challenges as universal. Since the NWSC mandate also covers sewerage provision and provision of water to the poor

further research regarding improvements in these areas could help understand better the overall effects of reforms especially in relation to health and overall well-being outcomes for water users. The influence of background factors of users and provider staff on the effectiveness of responsiveness to user voice remains a gray area for further research.

Based on the limitations of this study, other related policy and management strategy studies could focus on gaining pre-reform hard data upon which comparisons can be based in order to evaluate post-reform performance. An assessment of the overall reform impact in the public sector needs to involve multi-sectoral assessment and community based voice channels, in order to provide a more meaningful picture. The surveys were based on connected household customers, thus excluding institutional, commercial, industrial and poor water users. Surveys of different categories of water users (including institutional, commercial, industrial and poor consumers) would strengthen the analysis of user perspectives as a whole.

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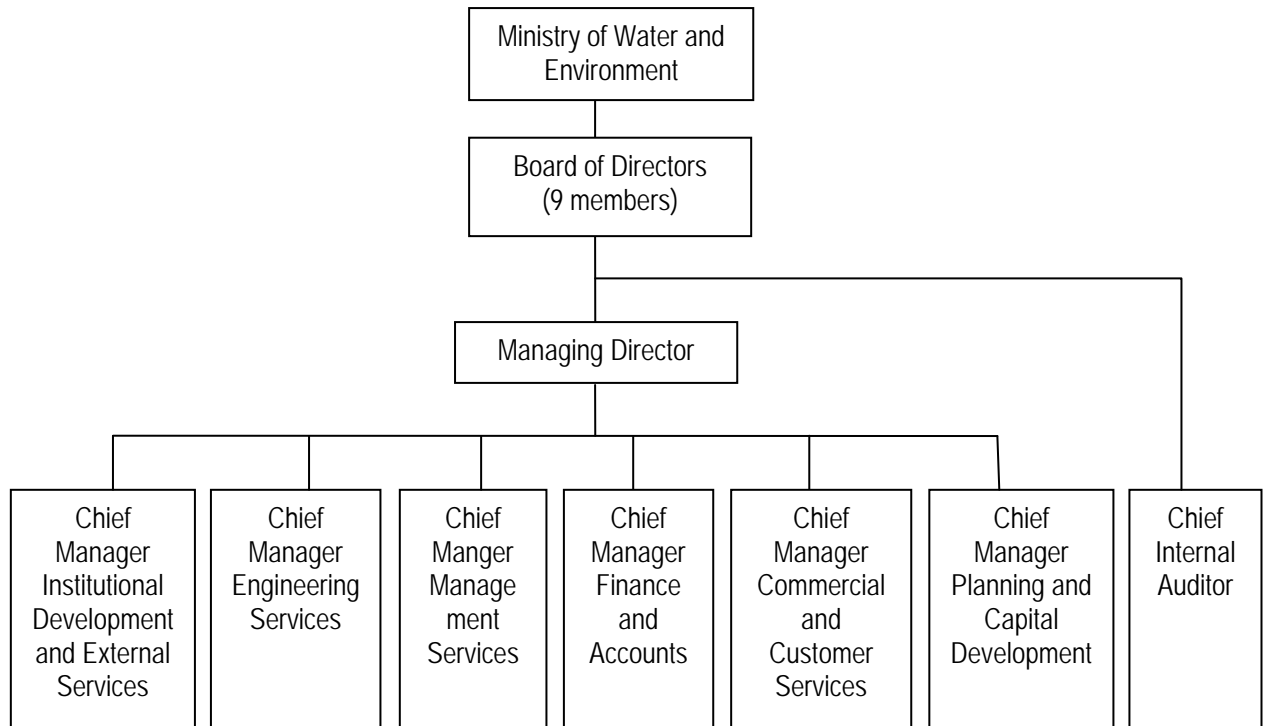
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## APPENDIX 1

### A) THE NATIONAL WATER AND SEWERAGE CORPORATION ORGANISATIONAL STRUCTURE AND RESPONSIBILITIES OF CUSTOMER SERVICE DEPARTMENT



### B) COMMERCIAL AND CUSTOMER SERVICES DIVISION

The division is responsible for the commercial and customer service requirements of the Corporation: excellent customer service, an effective corporate image, good public relations, and the development of policy for debt management and community participation initiatives.

The vision of the division is **“To be a world leader in customer service”**.

Among many other activities, the division carries out the following:

- Billing for customer consumption after every thirty days
- Ensuring that the Corporation receives payments for its services to customers
- Marketing of the Corporation’s products and services
- Undertaking periodic evaluations of the Corporation’s business performance
- Receiving and resolving customer complaints
- Carrying out feasibility studies to determine the demand and affordability of services for potential customers
- Follow up of defaulting customers to make sure they pay their bills
- Ensuring the growth of the Corporation’s business by attracting more customers.

## APPENDIX 2

### QUESTIONS FOR QUALITATIVE DATA COLLECTION

#### A: Questions for interviews with service water users

**Introduction** –interviewees were assured of confidentiality, given a choice of whether or not they participated, and given guidelines outlining the key issues being investigated.

- For how long have you used NWSC water services?
- If you were using the water service before 1998, what do you think were major water service problems that necessitated changes?
- Have you been aware of the ongoing reforms in the NWSC?
- How were customers generally involved in influencing the reforms?
- Do you think there have been water service improvements as a result of the reforms?
- Do you now find it easier to interface with NWSC staff (and if not, what are the obstacles)?
- In which particular areas of water service have you noted improvements?
- Do you think the NWSC is providing a customer-friendly service (and if so, why)?
- Have the reforms improved your relationship with NWSC staff?
- Have you had access to the Customer Charter?
- Do you think the providers and users are both meeting their obligations?
- What further water service improvements would you like to see in the NWSC?

#### B: Questions for interviews with other stakeholders

**Introduction** –interviewees were assured of confidentiality, given a choice of whether or not they participated, and given guidelines outlining the key issues being investigated.

- What problems were you aware of in NWSC water services before 1998?
- Do you think key stakeholders were involved in initiating reforms (and if so, in what ways)?
- How did stakeholders participate in the customer service policy at the implementation level?
- Do you think that stakeholders' involvement and consultation has contributed to water service improvements (and if so, why)?
- What could have been done better in managing the reforms?
- What do you think are the outstanding problems that need to be addressed?

#### C: Questions for interviews with NWSC staff

**Introduction** –interviewees were assured of confidentiality, given a choice of whether or not they participated, and given guidelines outlining the key issues being investigated.

- How long have you worked for the NWSC?
- What do you think were the major problems that contributed to reforms?
- Do you think customer service has been the key driver of reforms (and if so, why)?

- How were the staff involved in initiating the reforms?
- How have the staff been involved in implementing the reforms?
- Is communication between customers and staff easier than it used to be in the past?
- Do you think the reforms have improved urban water supply?
- What other key interventions have contributed to changes in water services?
- Do you think customers are more satisfied with water services than in the past?
- What else would you like to see done to improve water services?

## **D: Guide for focus group discussions**

**Introduction** –participants were assured of confidentiality, given a choice of whether or not they participated, and given guidelines outlining the key issues of being investigated. The issues for discussion were presented as guiding themes to trigger in depth exchanges rather than structured questions as below:

- Awareness about pre-reform water problems.
- Had members of the group had been consulted during the initiating of reforms?
- Did members feel they had been involved in implementing reforms?
- What water service changes had members experienced?
- What could have been done better to make the reforms more effective?
- Did group members have any suggestions for further interventions to reinforce what had been achieved so far?
- Had members observed changes in satisfaction with water service delivery?
- Had the interface between service users, key stakeholders and the NWSC been improved or not?
- What had been the role of policy makers in reforms?
- Have group members found the role of policy makers supportive or not?

## ***E: Observation Guide***

**Introduction** – Efforts were made by the researcher not to be obtrusive whilst observing NWSC operations or interacting with staff. When the researcher participated in reform review workshops, participants were warned about his presence in advance, with the assurance that it was for academic purposes only.

### **Key observation issues included:**

- How the customers were relating with staff
- How staff were treating customers who had queries
- Whether internal management activities that were focused on customer service
- Reactions from stakeholders to NWSC performance and reforms
- Whether the working environment was conducive to customer service.

### **Key observation issues during review workshops**

- Whether staff demonstrated commitment to customer service reforms
- What staff perceived the key factors driving reforms to be
- Whether staff were motivated to implement reforms
- How staff were monitoring and evaluating reforms
- How policy makers and regulators were being involved in the reforms
- The level of transparency and accountability involved in the reforms.

## APPENDIX 3

### INTERVIEW DATA SOURCES AND SUMMARY OF KEY THEMES OF EVIDENCE

<b>A) NWSC Staff</b>	<b>Key Themes</b>
• Managing Director	Overall policy initiation, implementation, monitoring and assessment
• Corporation Secretary	Legal and stakeholder reforms
• Head of Monitoring and Evaluation	Review of reform initiation, implementation and outcomes
• Head of Commercial Department	Implementation of responsiveness to voice and effectiveness of reforms
• Public Relations Officer	Management of public interface with key stakeholders and feedback to media including civil society
• Chief Accountant	Financial implications of customer orientation reforms
• Chief Operations Engineer	Impact of customer orientation on technical operations and how operations help to achieve better customer service
• Manager for Pro-poor project	How customer orientation reforms are combined with addressing social obligations to the poor
• Commercial Manager	Managing user/provider interface and financial implications including coordinating with other departments
• Commercial Officers	Managing user/provider interface and disseminating feedback to other departments for overall service improvement
• Managers (Kampala, Kireka, Mukono, Entebbe, Jinja, Tororo, Mbale and Fort Portal)	Dealing with customer demands and implications of management decisions at local level including relationships with headquarters
• Complaint Centre Staff	Documentation and communication of occurrence of customer complaints and rate of resolution
• General Staff for: billing, water reading, connections etc.	General issues related to customer interface and motivation to accept reforms



<b>B) □ Policymakers/consultants/donors</b>	<b>Key themes</b>
<ul style="list-style-type: none"> <li>• Former Minister of Water</li> </ul>	Key policy issues that drive reform performance and government support.
<ul style="list-style-type: none"> <li>• Present Minister of Water</li> </ul>	What government thinks about reforms and future of water sector
<ul style="list-style-type: none"> <li>• Board Members</li> </ul>	Key policy directions and their role in reforms
<ul style="list-style-type: none"> <li>• Policy Analysts</li> </ul>	Government views on reforms and support
<ul style="list-style-type: none"> <li>• Consultants</li> </ul>	Customer-oriented reform initiation, situational analysis, monitoring/evaluation
<ul style="list-style-type: none"> <li>• Local Leaders</li> </ul>	Their role in urban reforms and whether they think they are effective
<ul style="list-style-type: none"> <li>• Donor representatives, e.g. from World Bank, KFW, WHO etc</li> </ul>	Their views on the appropriateness of reforms
<ul style="list-style-type: none"> <li>• Other related sector departments such as National Environment Management Authority (NEMA), National Bureau of Statistics and National Bureau Of Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Data on impact assessment</li> <li>• Environmental concerns in reforms</li> <li>• Quality control of water service</li> <li>• Policy and regulatory issues</li> </ul>
<b>C) Civil Society</b>	<b>Key Themes</b>
<ul style="list-style-type: none"> <li>• Water aid</li> <li>• Workers' union</li> </ul>	<ul style="list-style-type: none"> <li>• Proper concerns</li> <li>• Anti-privatisation</li> </ul>
<b>D) Water Users</b>	<b>Key themes</b>
Water customers in various areas in Kampala Entebbe, Mbale, Jinja etc	<ul style="list-style-type: none"> <li>• Background factors for water users</li> <li>• Perceptions of water problems</li> <li>• Changes in water service problems</li> <li>• Changes in water service problems that are persisting</li> <li>• Recommendations for improvement</li> </ul>

**Documentary review** (for avoidance of repetition as specified in the guides with key issues on reform invitation, implementation and evaluation)

**Observations** (for avoidance of repetition as specified in the guides particularly on customer and staff behaviours changes after reforms)

## APPENDIX 4

### SUMMARY OF KEY EVIDENCE FROM INTERVIEWEES

NO.	CODE	TITLE	ISSUES
1	M -05	Former Minister	Pre-reform water problems and solutions
2	PU -05	Privatisation Unit Official	Relevance of stakeholder support and management autonomy to reforms
3	MD -04	Managing Director	Need for stakeholder involvement to create legitimacy for home-grown reforms
4	WE -04	Water Engineer	Prioritisation of water problems to influence policy change and accommodation of other stakeholders
5	IWE -04 (7no)	Water Engineers	Perception of maintenance and production as main cause of poor performance, other than poor customer service
6	MD -05	Managing Director	Customer service and financial management as key priorities for revamping performance
7	WM -04	Water Manager	Multi-perspectives of water problems acknowledged and need for support to reform
8	AM -04	Area Manager-Kireka	Acknowledged poor customer responsiveness during his 30 years of experience in NWSC
9	FDG -04	Focus Discussion Group	General neglect of customer responsiveness by providers and lack of cooperation from users due to corruption and poor service
10	WC -04	Water Customer	Excuse of existing water problems not to perform
11	FDG -05	Middle Income Customers	Emphasis of reliability of water and realistic bills after access to water
12	WCK -04	Water Customer Kololo	Focused on quality issues and 24 hour supply
13	PWU -04	Poor Water User	Emphasised convenience of access and affordability
14	FDG -05	Poor Water Users	Acknowledged limited influence of reforms because of technical and political implications
15	WU -07	Water User	Little hope from policy makers addressing specific area problems related to water and preferring to deal directly with NWSC
16	WA -04	Water Aid Official	Advocated for regulation to protect water users and education about proper water use
17	CCK -08	Complaint Centre Kampala Manager	Pointed out major problems reported by water customers and how responded to by staff
18	WU -04	Water User	Privatisation as not a solution but also blamed government and donors for poor performance
19	MI -04	Minister in-charge of Water	Emphasised a humanistic perspective of water supply management and need for access by all
20	PR -04	Public Relations	Emphasised communication to stakeholders
21	IWM -04	Ministry of Water Officials	Acknowledged being involved in policy formulation and also limited existing regulatory capacity

NO.	CODE	TITLE	ISSUE
22	MC -04	Media Consultant	Pointed out media role as key to public participation in reform implementation
23	PRO -0	Public Relations officer	Acknowledged media communication and feedback as key to reform success
24	NGO -05	Non-Government Organisation	Pointed out inability of great number of residents being able to afford high connection fees and opposed to privatisation
25	CC -04	Communications Consultancy	Lack of initial clarification of rights and responsibilities of water customers and providers
26	CS -05	Civil Society Representative	Lack of access and affordability by the majority poor as critical to water reforms
27	MO -04	Ministry of Water Official	Pointed out managing water both as an economic and social good as necessary
28	WO -04	Water Official	Referred to ownership as a criteria for reforms not being key problem
29	PUP -08	Poor Urban Project Manager	Recognised that NWSC is addressing pro-poor concerns in peri-urban areas
30	CSC -04	Consultant Customer Service	Barriers to new water connections due to lack of adequate network expansions and costs
31	DWD -04	Director of Water Development Official	Argued for both economic and social value for water supply to be sustainable
32	PRO -04	Public Relations Officer	Initial media pessimism to reforms triggered more involvement of stakeholders in policy change
33	HRM -05	Human Resource Manager	Acknowledged involving workers union in policy change including staff reductions without unrest, training and improved remuneration
34	CSM -04	Commercial Service Manager	Improvement in commercial relations management as a major strategy to enable other NPM interventions
35	AEK -04	Area Engineer Kampala	Preference for a more inclusive approach to reforms, but with professionals leading
36	AMK -04	Area Manager Kampala	Sanctions and incentives as drivers for reforms through performance contracts
37	CS -05	Corporations Secretary	Ensuring policy design and implementation as initial priorities before monitoring and implementation
38	CO -04	Commercial officer	Acknowledged better focus on water end user experiences and preferences but with resource support
39	BM -04	Board Member	Dissatisfaction with previous supply driven reforms in preference for user driven reforms
40	PU -04	Privatisation Unit Officer	Re-classification of NWSC as not for immediate privatisation wise decision
41	CS -04	Corporations Secretary	Taking into account stakeholder participation as key to reform policy success
42	C -09	Consultant	Other interventions apart from customer service would build on the success of reforms

NO.	CODE	TITLE	ISSUE
43	PU -08	Privatisation Unit Official	Fear of uncertainty of privatisation was main driver for internal reforms
44	SO -04	Security Officer	Loss of metres still a problem and need for vigilance from the public
45	CCS -04	Call Centre Staff	As recipients of both commercial and technical complaints noted positive trends
46	BPO -05	Bill Payment Officer	Improvement of bill payments due to easing payment procedures
47	SM -08	Senior Manager Research and Development	Cross cutting functions of customer orientation and internal staff satisfaction very crucial to higher impact
48	CS -08	Corporations Secretary	Prioritisation of customer care and satisfaction was good reform implementation
49	NCC -04	National Consumer Council	Recognised inadequacies in quality control due to resource constraints and limited regulatory capacity
50	TM -07	Top management member	Improvements in quality assurance as a priority but with resource implications
51	MOH -06	Ministry of Health Official	Provided information about health outcomes of improved water supply to stakeholders
52	CA -05	Chief Accountant	Resolving bill payment problems as main priority but handled together with other supporting actors
53	CCM -06	Chief Customer Manager	Advocacy for customers to pay their correct bills promptly and conveniently
54	AS -05	Area Staff	Inadequacy of staff to enforce customer charter obligations
55	BPO -05	Bill Payment Officer	Improvement of bill payment needs customer cooperation
56	WC -07	Water Consultant	Enhancement of financial reputation as central to performance in other water service areas
57	PUP -08	Pro-Poor Urban Project Officer	Parish development committees used as voice for poor people, but more role for political leaders needed
58	WU -07	Water User	Complaints about water shortage in some areas
59	MWO -07	Ministry of Water Official	Positive public image as a result of pro-poor concerns
60	CCM -08	Complaint Centre Manager	Complaints recognised as tool for improving service management
61	MB -05	Board Member	Taking high level customer complaints as a board priority was crucial to reforms
62	KFW -04	Water Consultants	Most water problems have been resolved through home-grown changes, but need to do more
63	MD -09	Managing Director	Acknowledged that the reforms have attained their major objectives but need continuous reinforcement to meet emerging challenges

## APPENDIX 5

### USER SURVEY QUESTIONNAIRE ON NATIONAL WATER AND SEWERAGE CORPORATION (NWSC) URBAN WATER SERVICE DELIVERY IN UGANDA

#### SECTION A: INTRODUCTION TO THE PURPOSE OF THE STUDY

*I am a research student from Birmingham University pursuing my PhD studies in Development Administration. I am studying user voice and provider responsiveness reforms in urban water service delivery and examining the factors that explain the relationships between service users and providers. You have been identified as one of the customers of the only urban water provider in Uganda and therefore an important respondent to the questionnaire below. I kindly request you to answer the questions that follow. The information you provide will be treated with utmost confidentiality and solely summarised statistically for the purposes of academic research. The questionnaire will be administered by the researcher and authorised research assistants. I will be VERY GRATEFUL to receive your completed responses by Wednesday, the 30<sup>th</sup>, November 2004 or on an earlier date. In case of any clarifications my telephone contact is 078507424.*

#### SECTION B: BACKGROUND INFORMATION

*Please tick the appropriate alternative and write in the available spaces where applicable.*

1. What is your gender (sex)? [a] Male [b] Female
2. What is the total number of years you spent at school in formal education?  
[a] 7 years or less [b] Between 8 and 12 years [c] Between 13 and 15 [d] Over 16 years
3. What is your occupation?  
[a] Government employee [b] Private company employee [c] Full- time housewife  
[d] Self-employed professional [e] Unemployed [f] Self-employed in business  
[g] Other (specify) .....
4. What is the average size of your normal household, excluding temporary visitors?  
[a] 1-2 people [b] 3-5 people [c] 6-10 people [d] over 10 people.
5. What is the ownership status of the premises occupied by your household?

*[a] Privately owned by my family      [b] Private Company owned    [c] Government owned*

*[d] Rented accommodation    [e] Other (specify) .....*

**6. What type of premises does your household occupy?**

*[a] Permanent      [b] Semi-permanent      [c] Temporary*

**7. Which other services are available to your household? Tick against all applicable.**

*[a] UEB electricity    [b] Telephone      [c] Television      [d] Regular newspapers*

*[e] Private car (owned by the family)    [f] Electric generator*

**7. What is your individual average monthly income?**

*[a] Below Ug. Shs 100,000 per month    [b] Ug. Shs. 100,001 – 300,000 per month*

*[c] Ug. Shs. 300,001 – 500,000 per month    [d] Ug. Shs. 500,001 – 700,000 per month*

*[e] Ug. Shs. 700,001 – 900,000 per month    [f] Above Ug. Shs. 900,001 per month*

## SECTION C: CHARACTERISTICS OF URBAN WATER SERVICES

Please answer the following questions by ticking the relevant response.

**9. Which type(s) of urban water services do you use?**

*[a] Household connection    [b] Tanker/vendor    [c] Community standpipe*

**10. What other sources of water do you use? Please you may tick more than one if applicable.**

*[a] Borehole      [b] River    [c] Wells      [d] Rainwater harvesting*

**11. Are you aware of any changes in the water service delivery in the NWSC within the last five years?**

*[a] Yes    or*

*[b] No*

**12. Have you noticed any improvement in service delivery in the NWSC?**

*[a] Yes    or*

*[b] No*

**13. Is your water source connected to a meter?**

*[a] Yes    or    [b] No*

**14. If your water source is fitted with a meter, how often do NWSC staff read the meter?**

*[a] Every month    [b] Every two months    [c] Every three months    [d] No readings at all*

**15. How easy was it to get connected to the water network you are using?**

*[a] Very easy    [b] Easy    [c] Difficult    [d] Fair    [e] Very difficult    [f] I do not know*

**16. Are you satisfied with the physical appearance of the water delivered to your household?**

*[a] Yes    or    [b] No*

**17. In the case of household connection, is the water pressure enough to reach and enter your**

**storage facilities?** [a] Yes or [b] No

**18. Are you aware of the procedures for reporting leaks or bursts in water supply?**

[a] Yes or [b] No

**19. At what times does your household use the water service most? Indicate all applicable.**

[a] Morning [b] Afternoon [c] Evening up to 8:00 p.m. [d] All night [e] Weekends

**20. Do you normally receive enough water daily?** [a] Yes or [b] No

**21. How often do you experience interruptions in water service delivery?**

[a] Every day [b] Every week [c] Every month [d] Every three months [e] Not at all

**22. Are you normally informed in advance about interruptions in the water services?**

[a] All the time [b] Sometimes [c] Not at all

**23. Have you ever been disconnected?** [a] Yes or [b] No

**24. Do you think disconnection procedures are clear?** [a] Yes or [b] No

**25. Do you know the procedures to get reconnected?** [a] Yes or [b] No

**26. Do you have service user report cards for reporting service problems?**

[a] Yes or [b] No

**27. Do you participate in consumer protection activities?**

[a] Yes or [b] No

**28. Do you think consumer protection organisations are effective?**

[a] Yes or [b] No

## SECTION D: SATISFACTION WITH NWSC URBAN WATER SERVICES

*Please indicate your rating of the statements in the matrix below by ticking the appropriate levels of satisfaction with water services. Use the boxes besides the question to answer.*

	Very Satisfied	Satisfied	Uncertain	Dissatisfied	Very Dissatisfied
1. The time taken to repair leaks or bursts on the main lines.					
2. The taste of the water you use for drinking.					
3. The amount of water provided when needed.					
4. The usefulness of information provided to water users.					
5. Billing accuracy.					
6. The ease of access to water in case of stand pipes.					
7. The efficiency of maintenance services.					
8. The availability of field staff when needed.					
9. The efficiency of metering service (if any).					
10. The value of services delivered compared to tariffs charged.					
11. Complaint handling procedures					
12. The way management performs in ensuring adequate service delivery to customers.					
13. The cleanliness of the water you use.					
14. Ease of payment procedures for water.					
15. Access to the nearest water office.					
16. Reconnection procedures.					
17. The colour of the water you use.					
18. The time taken to deliver water services to your premises when needed.					
19. The response to technical problems at customer premises.					
20. The capacity of water storage in your household.					
21. The overall quality of your tap water.					
22. The response time to complaints on bills.					
23. The overall accessibility of NWSC offices to customers requiring services.					
24. The attitude and behaviour of NWSC contact staff e.g. field staff, receptionists.					



	<b>Very Satisfied</b>	<i>Satisfied</i>	<i>Uncertain</i>	<i>Dissatisfied</i>	<b>Very Dissatisfied</b>
25. The options available for paying water bills.					
26. The level of customer participation in the affairs of the NWSC.					
27. Office opening hours.					
28. Office space for serving customers such as sitting or queuing facilities.					
29. Telephone reception and responses by frontline staff.					
30. Application procedures for a new water connection.					
31. The process undertaken to connect your premises to the water network.					
32. Complaint procedures on the performance of NWSC field staff.					
33. Attention given to complaints made to the NWSC over billing.					
34. NWSC frontline staff know customer needs.					
35. The field staff give customers personal attention.					
36. The fairness of minimum charges levied by NWSC management.					
37. The clarity and simplicity of bills raised by NWSC staff.					
38. The frequency of water bill delivery.					
39. The current system of delivering water bills to customers.					
40. The effectiveness of the NWSC as a public utility in the country.					
41. Payments are credited to customer accounts promptly.					
42. Payments are accurately credited to customer accounts.					

## SECTION E: USER VOICE IN WATER SERVICE DELIVERY

***Please indicate how far you agree with the following items as listed below.  
Use the boxes besides the questions to respond.***

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1. There is relevant information to service users on service delivery i.e. through newsletters, brochures, TV, radios, print media and customer consultation meetings.					
2. The NSWC has established ways of allowing users to express their views.					
3. Customer complaint channels are effectively used.					
4. Customer complaint channels are easy to use.					
5. Service users regularly meet with service providers to voice their views.					
6. Service users are consulted by service providers on a regular basis.					
7. The information voiced reaches the responsible water staff.					
8. There is room for improving information availability to service users.					
9. Customers have a right to express their concerns to the NWSC.					
10. Users are protected by the NWSC in voicing their concerns/ views/ opinions.					
11. Customer complaints are discouraged in NWSC.					
12. The information from user views is used by management to improve services.					
13. The reporting channels for complaints are clear.					
14. There are established ways for discussing user service needs.					
15. There is service user consultation by NWSC regulators i.e. through public hearings, workshops.					
16. There is vigilance by service users in ensuring better service for each transaction.					
17. I talk to management on matters that affect me negatively.					
18. I have a duty to contribute constructive suggestions to the NWSC.					
19. Service users have the power to protest against poor service delivery.					
20. There is effective consumer representation in service regulation authorities.					
21. There is use of public media to express views of service users i.e. TV, radio, newspapers.					
22. There is use of political forums/ meetings to express user views on water service delivery.					

## SECTION F: PROVIDER RESPONSIVENESS IN URBAN WATER SERVICE DELIVERY

Please tick the box that best indicates your level of agreement with the statements that measure how you view provider responsiveness to service users of urban water services of NWSC.

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1. Information from service providers is readily available to service users.					
2. Ways for getting in touch with frontline staff are easy.					
3. There is timely feedback on questions you ask of the service provider.					
4. The service provider meets service user demands as an obligation.					
5. Responses to user views are understandable to you.					
6. The service provider is accountable to service users.					
7. The service utility cares for the social welfare of service users.					
8. There is evidence of provider concern for addressing service user complaints.					
9. Service quality decisions involve effective consultation of water service users.					
10. The response from providers is given in a fair manner to all categories of customers.					
11. Customer frontline staff are encouraged to be positive to the needs of water service users.					
12. The customer is taken seriously in the NWSC.					
13. Information on available service is given to customers willingly.					
14. I talk to management when there is need and I expect response in good time.					
15. Getting direction to the relevant officers is easy.					
16. Managers are willing to respond to customer complaints in good time.					
17. There is awareness of complaint handling arrangements through which one can respond to customer views.					
18. There is follow up of stakeholder meetings as a way of improving service delivery.					
19. There is encouragement of field staff to change their behaviour towards service users.					
20. Service user complaints are regarded as an opportunity for improvement as a policy of the NWSC.					
21. The NWSC has enough staff to handle customer complaints.					
22. The conduct of NWSC staff is acceptable					
23. The service provider uses radio, news papers, TV, brochures, etc to address user concerns					

## SECTION G: USER LOYALTY TO THE URBAN WATER UTILITY

*Please indicate the extent to which the perceptions and actions related to service delivery arrangements influence your decision to identify with or stay with NWSC.*

<b>Attitudinal loyalty</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1. I sometimes feel like leaving the water services of the NWSC for good, if there were alternative providers.					
2. I would not be willing to change from NWSC even if there was an alternative provider.					
3. The goal of providing affordable services to all customers makes service users loyal to NWSC.					
4. Service users have a cooperative attitude towards the NWSC.					
5. I am willing to promote the image of the NWSC to potential customers.					
<b>Action loyalty</b>					
6. I actually like the water service quality provided by the NWSC.					
7. I actually pay my bills promptly.					
8. I actually like staying connected to the NWSC water services.					
9. I accept the public image of the NWSC.					
10. The costs of leaving NWSC are high.					
11. I like to identify with the NWSC.					
12. I would recommend a friend to use NWSC existing services.					
13. I protect the organisation's image.					
16. I make personal sacrifices for the NWSC when there is a need.					
17. I consider myself part of the organisation and I defend it against unfair criticism.					
18. The policies of the NWSC are acceptable to me.					
19. I make time for appointments with the NWSC staff as a customer.					
20. I obey requests from the NWSC as a responsible customer.					
21. Loyal service users should not be disconnected without a fair reason.					
22. Being Loyal to the NWSC is beneficial					
23. I actually pay my bills promptly in order to enable the NWSC to improve and sustain service delivery.					

**THANK YOU FOR YOUR EFFORT AND COOPERATION**

## APPENDIX 6

### USER SURVEY DATA CORRELATION AND REGRESION ANALYSIS FROM SPSS PROGRAMME OUTPUTS

#### A) SPSS Data Output for Correlations for Water Service Delivery, User Voice and Responsiveness and User Satisfaction and Loyalty.

		Correlations			
		usdeliva	totsatis	Voice	Userespo
usdeliva	Pearson Correlation	1	-.537**	-.232*	-.363**
	Sig. (2-tailed)		.000	.011	.000
	N	141	93	118	121
totsatis	Pearson Correlation	-.537**	1	.608**	.655**
	Sig. (2-tailed)	.000		.000	.000
	N	93	125	109	113
voice	Pearson Correlation	-.232*	.608**	1	.792**
	Sig. (2-tailed)	.011	.000		.000
	N	118	109	167	151
userespo	Pearson Correlation	-.363**	.655**	.792**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	121	113	151	176

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	79.205	21.275		3.723	.000
	usdeliva	-2.196	.635	-.305	-3.456	.001
	voice	.022	.364	.008	.059	.953
	userespo	1.122	.275	.541	4.083	.000

a. Dependent Variable: totsatis

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	88.763	17.863		4.969	.000
usdeliva	-2.308	.580	-.338	-3.981	.000
userespo	1.014	.170	.505	5.953	.000

a. Dependent Variable: totsatis

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	84.239	18.372		4.585	.000
usdeliva	-2.406	.587	-.352	-4.098	.000
userespo	1.024	.170	.510	6.004	.000
sex	4.811	4.612	.083	1.043	.300

a. Dependent Variable: totsatis

### B) SPSS Data Output Multiple Regression Results for Voice, Responsiveness and Loyalty

		User satisfaction	Provider responsiveness	User loyalty
User satisfaction	Pearson Correlation	1	<b>.655**</b>	<b>.638**</b>
	Sig. (2-tailed)		.000	.000
	N	125	113	115
Provider responsiveness	Pearson Correlation	<b>.655**</b>	1	<b>.660**</b>
	Sig. (2-tailed)	.000		.000
	N	113	176	160
User loyalty	Pearson Correlation	<b>.638**</b>	<b>.660**</b>	1
	Sig. (2-tailed)	.000	.000	
	N	115	160	182

**Source:** Own survey, 2004/2005 and SPSS 17.0 data analysis output 2010

## APPENDIX 7

### **LETTERS OF INTRODUCTION FOR FIELD WORK**

[Not available in the digital version of this thesis]